

AR05



*Annual Report 1974*

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*This report is available in French. For a copy  
please contact the Executive Office of Acklands.*

*Pour un exemplaire du présent rapport en français,  
veuillez vous adresser au Siège administratif d'Acklands.*



## ACKLANDS LIMITED

### Highlights

|   | 1974                 | 1973          |
|---|----------------------|---------------|
| Sales   | <b>\$220,366,230</b> | \$165,455,709 |
| <b>EARNINGS</b>   |                      |               |
| Including extraordinary items                               | 8,014,988            | 7,369,047     |
| Before extraordinary items                                  | <b>7,385,078</b>     | 5,796,524     |
| <b>EARNINGS PER COMMON SHARE</b>                            |                      |               |
| Before gain on sale of fixed assets and extraordinary items | 2.53                 | 1.64          |
| Gain on sale of fixed assets                                | .34                  | .59           |
| Income before extraordinary items                           | 2.87                 | 2.23          |
| Net income for the year                                     | <b>3.13</b>          | 2.87          |
| <b>DIVIDENDS PAID</b>                                       |                      |               |
| Preference shareholders                                     | 268,784              | 282,721       |
| Common shareholders   | <b>892,339</b>       | 593,358       |
| <b>DIVIDENDS PAID PER COMMON SHARE</b>                      | <b>.36</b>           | .24           |
| <b>SHAREHOLDERS' EQUITY</b>                                 | <b>34,184,917</b>    | 29,446,365    |
| <b>EQUITY PER COMMON SHARE</b>                              | <b>12.03</b>         | 10.05         |
| <b>TOTAL ASSETS</b>   | <b>137,153,964</b>   | 96,534,021    |

**AUDITORS**

Thorne Riddell &amp; Co., Winnipeg

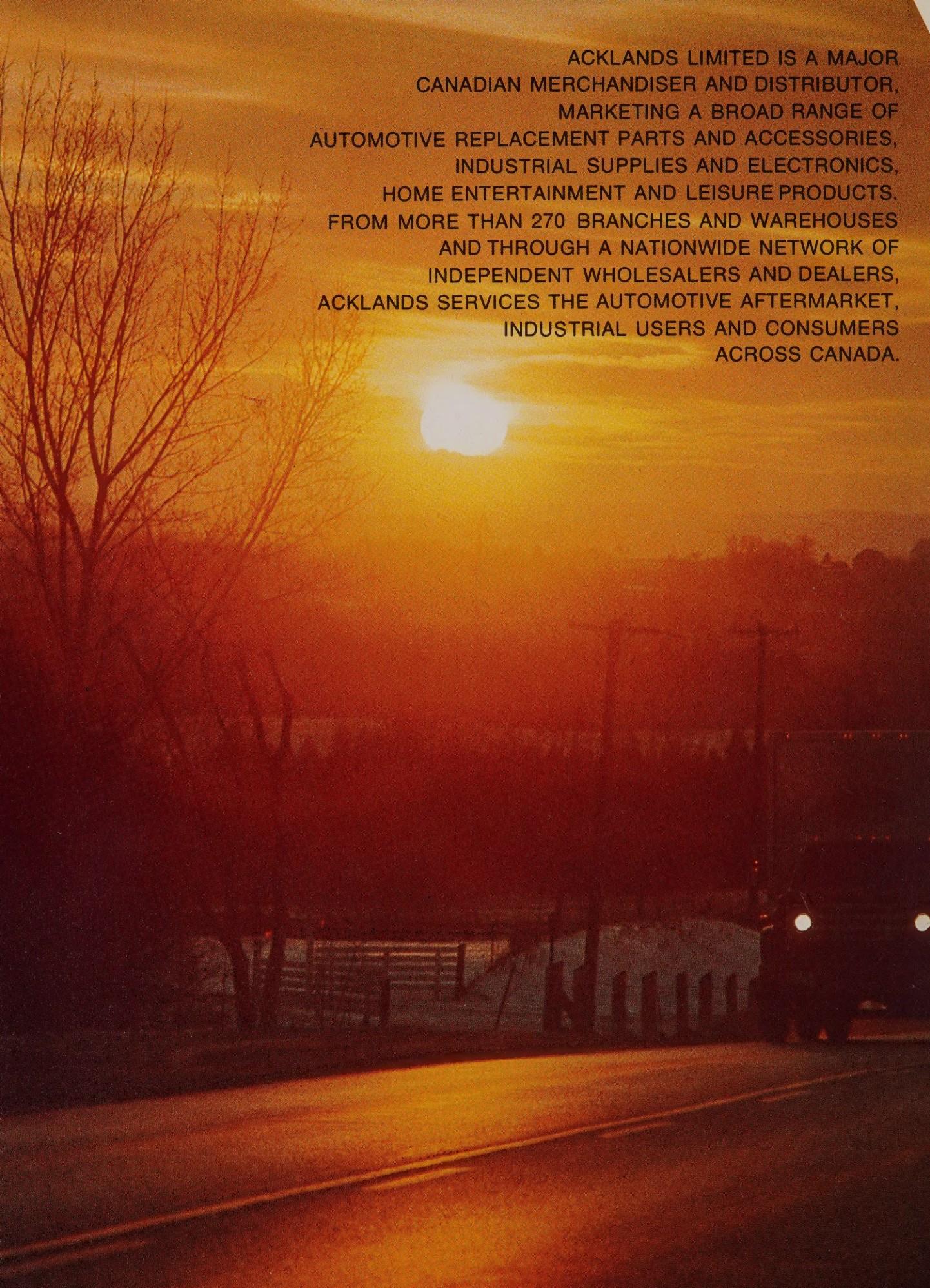
**TRANSFER AGENTS AND REGISTRARS****COMMON SHARES**The Canada Trust Co.  
Vancouver, Winnipeg, Toronto and Montreal**SECOND PREFERENCE SHARES SERIES A AND 7½% SERIES A DEBENTURES**The Crown Trust Company,  
Vancouver, Winnipeg, Toronto and Montreal**COUNSEL**

Sokolov &amp; Company, Winnipeg

**FISCAL AGENTS**

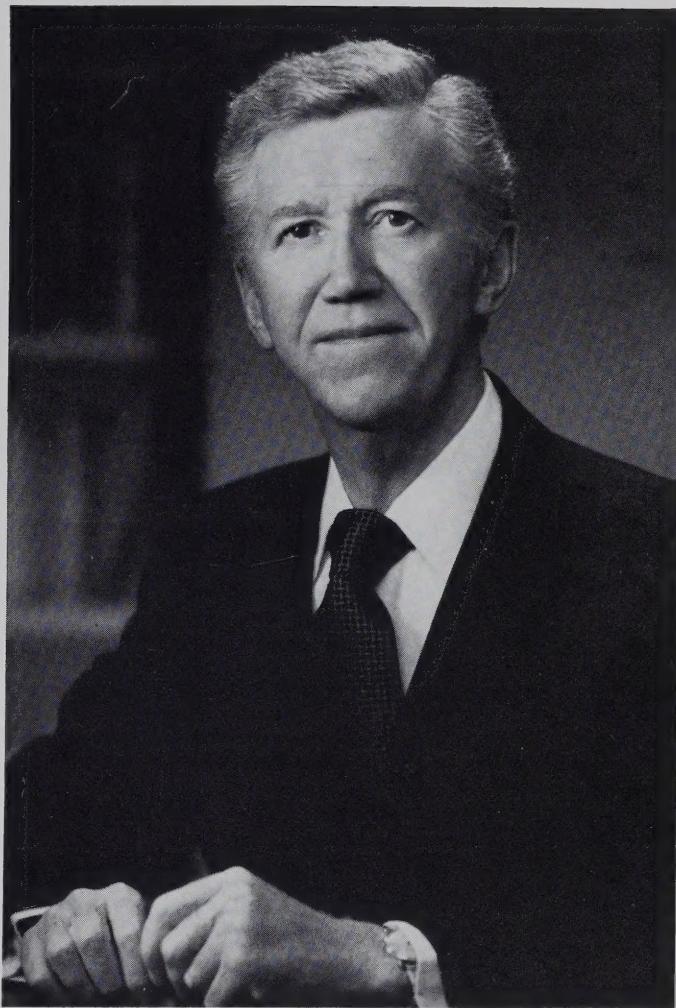
Fry Mills Spence Limited, Toronto

**LISTINGS**Toronto, Vancouver and Winnipeg  
Stock Exchanges**HEAD OFFICE**125 Higgins Avenue, Winnipeg, Manitoba  
R3B 0B6**EXECUTIVE OFFICE**100 Nor Finch Drive,  
Downsview, Ontario M3N 1X2



ACKLANDS LIMITED IS A MAJOR  
CANADIAN MERCHANTISER AND DISTRIBUTOR,  
MARKETING A BROAD RANGE OF  
AUTOMOTIVE REPLACEMENT PARTS AND ACCESSORIES,  
INDUSTRIAL SUPPLIES AND ELECTRONICS,  
HOME ENTERTAINMENT AND LEISURE PRODUCTS.  
FROM MORE THAN 270 BRANCHES AND WAREHOUSES  
AND THROUGH A NATIONWIDE NETWORK OF  
INDEPENDENT WHOLESALERS AND DEALERS,  
ACKLANDS SERVICES THE AUTOMOTIVE AFTERMARKET,  
INDUSTRIAL USERS AND CONSUMERS  
ACROSS CANADA.

# Chairman's Message



Fiscal 1974 was a year of growth and achievement for Acklands Limited. It was also a year in which the pace of change continued to accelerate, requiring fast and flexible response to the product needs of Canada's automotive, industrial and consumer markets.

Our success in responding to these needs and the opportunities available to us is reflected in our operating results for the year. Financial results were outstanding by almost any measure and I am confident that this performance will continue.

In less than ten years Acklands Limited has grown from a small prairie distributor into a large efficient nation-wide merchandiser, with representation in cities and towns across Canada. Today, with assets of more than \$137 million, Acklands is one of Canada's largest corporations.

Great as this achievement has been, however, there are no guarantees of future success. In the face of intense competition and rapidly changing economic and business conditions, our most important asset is our capacity to adapt.

Improving adaptability means developing human resources. Acklands has taken important steps in this direction in the past year. Training programs have been implemented for middle management and new directors have been added to the Board with valuable management experience.

While the basic objective of a commercial enterprise is to bring maximum return to its shareholders, there is also a fundamental responsibility to serve society as a good corporate citizen whose activities benefit the nation. One way is to contribute to Canada's economic growth. Acklands believes it is making this contribution by serving business and industry throughout Canada quickly and efficiently with a broad range of quality products.

Another way to serve society is to provide employees with opportunities for personal development. As a large and rapidly growing company, we are in a position to do much to achieve this objective. We encourage employees at all levels to make independent decisions, thereby stimulating their own development and contributing to the flexibility of the company.

Our success results from operating in a creative environment with continuous interaction between employees, customers, suppliers and shareholders. While we should all have a sense of satisfaction looking back at 1974, I hope for continued dissatisfaction with the traditional way of doing things. To remain a leader in our industry, we must continually improve efficiency, productivity and profits. With this in mind, we can look forward to another successful and satisfying year.

  
LEONARD WOLINSKY  
Chairman of the Board

# President's Report



Sales, earnings and profit margins all showed substantial improvement in 1974. New markets were developed; acquisitions made during the year were successfully integrated into the Acklands organization and all product groups and divisions showed excellent performance. In every area of the Company, operations were strengthened for greater profit.

In Ontario, Acklands successfully increased its share of the automotive parts aftermarket establishing a strong base for future growth in Eastern Canada.

## Sales and Earnings Rose Sharply

During 1974 budgeted sales quotas were surpassed and profit was higher than forecast.

Net income for the period, before gain on the sale of fixed assets and extraordinary items amounted to \$6.5 million or \$2.53 per common share (after deducting preferred dividends), compared to \$4.3 million or \$1.64 per share in 1973, an increase of 54%. Pre-tax profit, excluding the sale of fixed assets, increased by \$5.3 million or 61%.

Sales for 1974 amounted to \$220.4 million, up 33% from the \$165.5 million achieved in 1973. The gain was primarily internal. Acquisitions and the disposition of a subsidiary resulted in a net increase in sales revenue of \$13.1 million or less than 8% of the total sales increase.

The gain on the sale of fixed assets resulted from the sale of surplus real estate and amounted to \$842 thousand or 34¢ per common share. Extraordinary income included an after tax profit of \$458 thousand from the sale of the assets of Steel Distributors Limited, a Toronto subsidiary, and an income tax reduction of \$172 thousand. Combined, these extraordinary items added 26¢ to per share earnings.

In the corresponding period of 1973, the gain on the sale of fixed assets and an income tax reduction on previous losses, amounted to 59¢ and 64¢ per common share respectively.

At year end shareholders' equity was \$34.2 million or \$12.03 per common share, an increase of 20% over the previous year. Total assets increased by \$40.6 million and amounted to \$137 million.

Profit margins were also up. The pre-tax profit to sales ratio (excluding gain on the sale of fixed assets) was 6.4% in 1974 or 21% higher than the 5.3% attained in 1973.

Greater efficiency has been evidenced in Acklands' profits. Sales per employee were approximately \$51,000 four years ago. In 1974, each employee accounted for nearly \$74,000 in sales.

On the liability side of the Company's balance sheet the item "deferred revenue" relates to unearned income on dating contracts. This is merchandise that has been sold to dealers on a deferred payment or floor plan basis.

Working capital decreased. Heavy capital expenditures for additions to fixed assets and acquisitions of new subsidiaries during the year were the principal reasons.

The inventory turnover rate in 1974 also declined. Inventories increased substantially because of abnormally large product purchases made early in the year to avoid price increases and shortages. Acquisitions of new subsidiaries were also partly responsible. A stock reduction program is now in progress, the benefits of which should be realized by mid 1975.

## Employee Stock Participation

Pursuant to by-law No. 1/71 ratified by Shareholders at the May 1972 annual meeting, the Company has commenced a program of encouraging employees to acquire issued shares through direct loans and through guarantees of loans. The Company has arranged for security on all such loans and guarantees. As at November 30, 1974, these loans and guarantees related to a total of 109,700 common shares.

## Dividends Increased

Acklands' common shareholders received a 25% increase in quarterly dividends in 1974. Quarterly dividends were raised from 8¢ to 10¢ per share. A further increase to 12¢ per quarter was announced in January 1975, bringing the current annual common share dividend to 48¢.

A quarterly dividend of 24¢ was paid on the Company's Series A 6% cumulative, convertible second preference shares.

## Rapid Internal Growth

Acklands continued to expand its network of branches and warehouses during the year. Operations now cover approximately three million square feet of floor area. The largest new facility is a distribution centre in Edmonton. This 121,000 sq. ft. facility will better enable Acklands to serve the expanding natural resource development market in Northern Alberta.

Sixteen new branches were opened in six different provinces, excluding acquisitions. Three branches in British Columbia that were not measuring up to Acklands' profit standard were closed. Total locations now stand at 272.

Kagan Muffler, purchased early last year, has been renamed Action Muffler. One of the five original outlets was closed and three new locations were opened, two in Calgary and one in Saskatoon.

Internal growth during 1974 was limited by the number of qualified personnel available to manage new branches. Training programs are now underway to fill these positions and the company is developing a resource of managerial talent.

## Acquisitions Penetrated Eastern Automotive Aftermarket

For the past two years Acklands has pursued an aggressive program of expansion in Eastern Canada. During 1974, important acquisitions were made in Ontario.

Moto-Rite Limited, a Toronto-based warehouse distributor of automotive parts, was the largest takeover. Four associated auto parts companies were included in the purchase. Net sales of the total package at the time of acquisition were approximately \$15 million, excluding inter-branch sales. These opera-

tions are now fully integrated into the Acklands organization.

The Canfast group of companies, engaged in the wholesale distribution of industrial supplies and Specified Automotive Limited, a Toronto remanufacturer of automotive electrical components and water pumps, were also acquired. Combined sales amounted to approximately \$2.5 million in 1973. Specified's production has been increased and the company is now supplying Acklands' Ontario automotive jobber stores. Both these companies are profitable and fully integrated with Acklands.

Two smaller wholesale automotive jobbing outlets were purchased in Ontario, Cambridge Automotive and the Welland location of Carter's Limited. In British Columbia, Acklands acquired automotive jobber R. L. Kennedy (1970) Limited and its three subsidiaries. In Manitoba, Dominion Electric, a Winnipeg wholesale distributor of electrical supplies was purchased to complement Canadian Electronics, an Acklands division. Total 1973 sales of these operations was \$4 million.

To expand industrial product lines, Acklands acquired Union Tool and Machine Limited of Toronto, a Canadian importer with exclusive distribution and marketing rights for cutting tools manufactured by three major Yugoslavian companies. Although annual sales are modest, the prospects for rapid growth are excellent.

Early in the current year Acklands acquired the operation of Welch and Johnston Company Limited. This Ottawa-based Ontario auto parts distributor is well established with eleven branch locations and sales of approximately \$5 million. The acquisition will open up important trading areas along the Ottawa Valley not previously covered by the Acklands branch network.

### **Capital Structure Changing**

During 1974 Acklands purchased for cancellation 11,625 of the Series A 6% cumulative, convertible preferred shares, reducing the number outstanding to 272,115. A further \$470,000 of the Company's 7½% convertible debentures were purchased and cancelled. Four debentures were converted to common shares.

A \$25 million issue of mortgage bonds is anticipated for early 1975. These funds will be used to retire the outstanding 7¾% First Mortgage Bonds Series A as well as the balance of the Company's term bank loans. Remaining funds will be used to pay down current bank loans thus improving the Company's overall working capital position.

### **Looking forward to 1975**

Strong demand for Acklands' products should continue, maintaining sales and earnings at record levels.

We believe that prospects for 1975 are good despite uncertainties regarding general economic performance. The automotive aftermarket is traditionally resistant to recession and the diversity of Acklands' products and the Company's broad customer base should provide further stability. Interest rates are easing and as rates drop, the resulting decrease in interest expense will help profits.

Numerous factors point to healthy sales and profit performance. The record number of new cars sold in the past three years are beginning to enter the repair-prone years. Also, the relatively more complex and costly options, safety devices and anti-pollution equipment in today's vehicles are providing a growing market.

Per capita use of automobiles continues to increase despite higher operating costs. More frequent tune-ups are a growing response to gasoline price increases and will help Acklands. The trend to smaller cars will have no adverse impact on the aftermarket. In fact, wear and tear on smaller vehicles is usually greater.

Acklands is prepared for and expecting continued rapid growth in its automotive aftermarket business. The automotive parts industry holds enormous potential and this product group is the Company's best profit generator per dollar of sales.

Canadian industry is a major customer of Acklands. Tools, parts and equipment of all types are needed to serve the country's rapid industrial growth. Capital spending intentions in Canada for 1975 are high particularly for natural resource development. The agricultural sector — another major market — has never been healthier or more mechanized.

Lower interest rates should stimulate the construction industry, another Acklands market. Spending in the petrochemical, pulp, paper and steel industries is expected to remain strong with good prospects for industrial equipment sales.

Leisure Products could respond well to reduced personal spending on new automobiles. Orders booked for pleasure boats, motorcycles, snowmobiles, bicycles, lawn care equipment and marine engines are presently far ahead of last year's pace. Acklands' major leisure products subsidiary H. C. Paul Limited, has shown the Company's best year-to-year sales gain and progress is expected to continue in 1975.

The outlook for Home Entertainment products is somewhat less encouraging. These products are highly postponable and sales in this group may suffer should the Canadian economy see a significant down-turn. Although demand for this product group is uncertain, consumer spending for big ticket items is still strong and real disposable income is forecast to rise moderately in 1975. Acklands has a well diversified Home Entertainment product line and represents the world's leading quality manufacturers. This, together with the Company's extensive dealer network, will help support sales over the coming year.

Acklands will proceed with carefully selected capital investment programs during 1975. Expenses will be tightly controlled and special attention given to inventory turnover.

### **Acknowledgements**

We regret that Mr. Arnold Main, Vice President of Western Automotive Rebuilders, Acklands' remanufacturing division, elected to retire as of December 1, 1974. We are pleased that he will remain active with W.A.R. as a consultant. On behalf of the Directors of the Company, we wish to thank Arnold for his tremendous contribution to Acklands and for the continuing valuable contribution in his new position.

Ken Clark retired last September after 45 years with Acklands. Ken held a variety of positions in Saskatchewan and Manitoba, most recently as District Manager of Acklands' Winnipeg Automotive Distribution Centre and Gillis and Warren. His efforts contributed greatly to the growth of Acklands' operations in Western Canada.

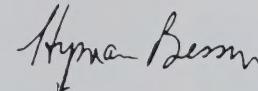
We also regret the retirement of Nelson "Nelly" Pound. Nelson served 50 years in the merchandising-distribution industry, 49 of them with the Acklands organization. He served the Company in a variety of positions, most recently as Price Co-ordinator for the province of Alberta.

On reviewing the list of Acklands' employees, we are very proud that 172 people have twenty-five or more years of service with Acklands Limited. This kind of consistency accounts for the quality of service we are able to provide our customers.

We would like to pay our respect to Harry R. B. Kirkpatrick who died in February 1975. For many years he served the company as a Vice President and Director. His efforts in the interest of Acklands and his sincere concern for customers and employees will always be remembered.

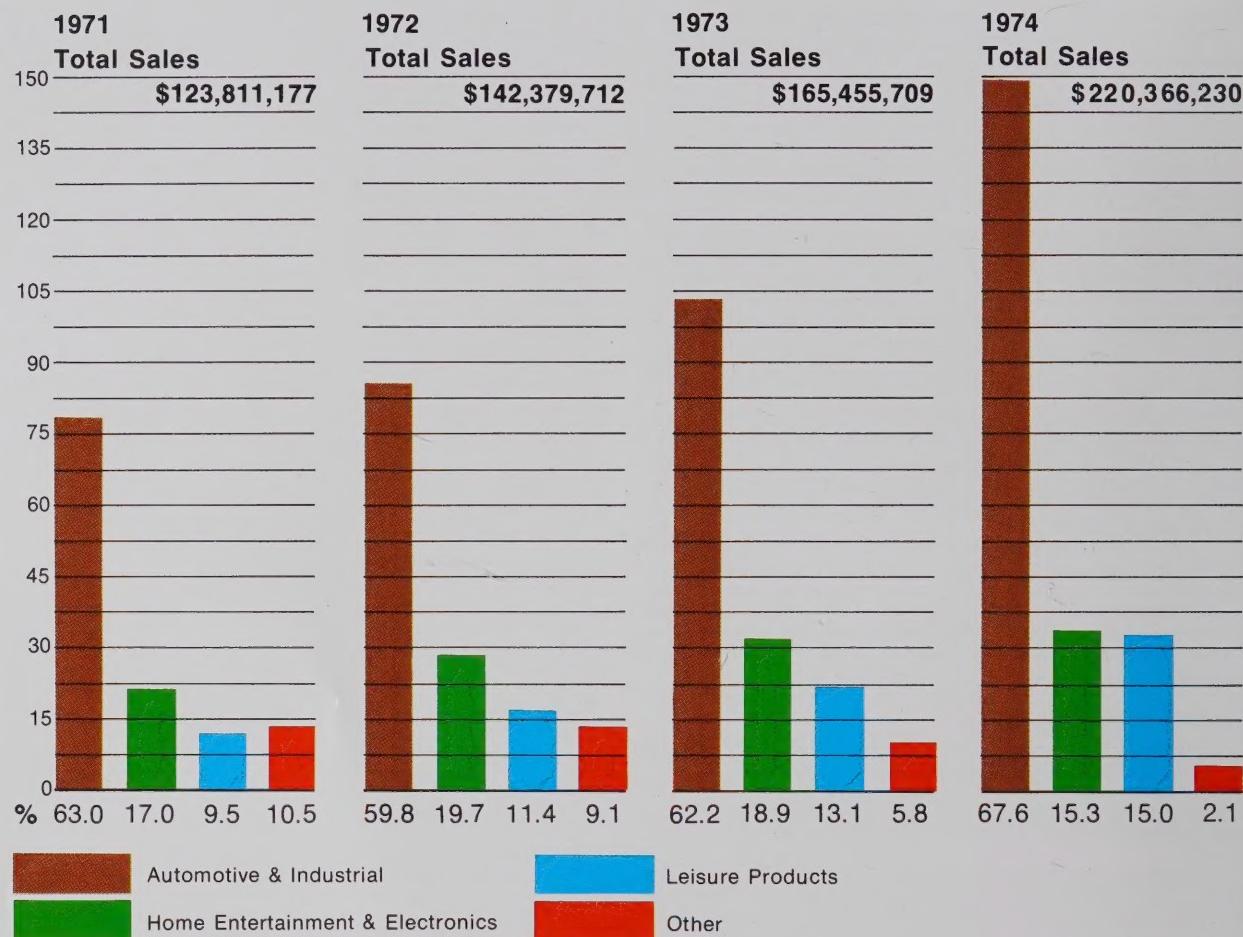
On behalf of the Board of Directors of Acklands Limited, I wish to express our thanks to employees, customers and suppliers for their support. We would also like to thank our shareholders for their continuing faith in the Company's future.

Winnipeg, Canada  
February 10, 1975

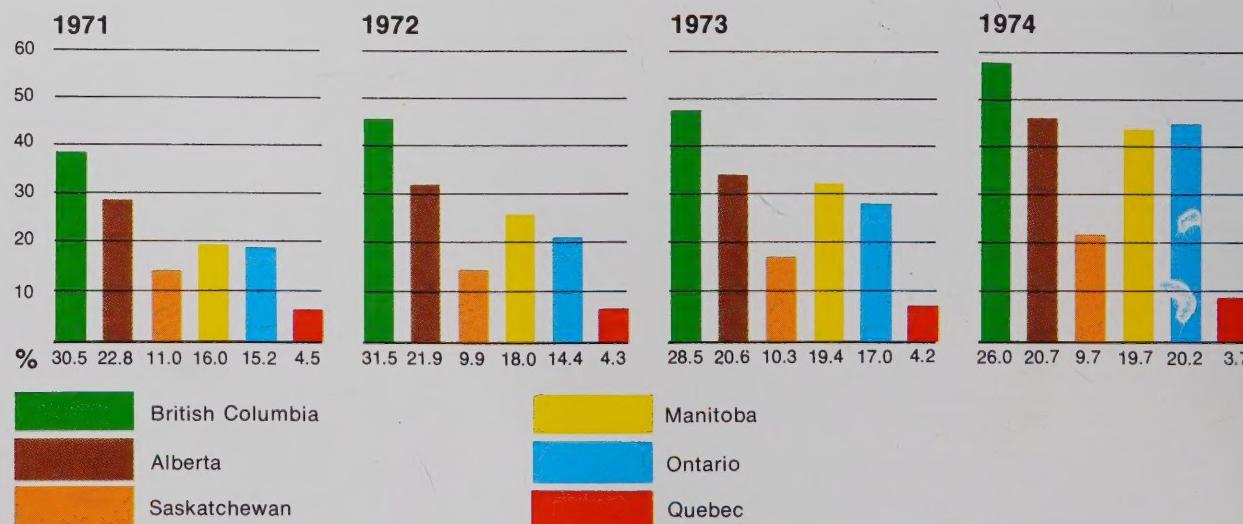


HYMAN BESSIN  
President

## analysis of sales (\$ millions) by product group

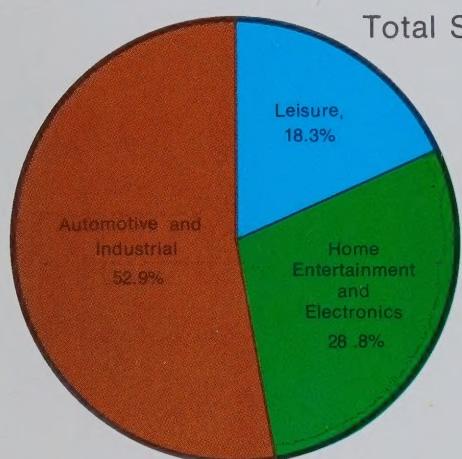


## by province

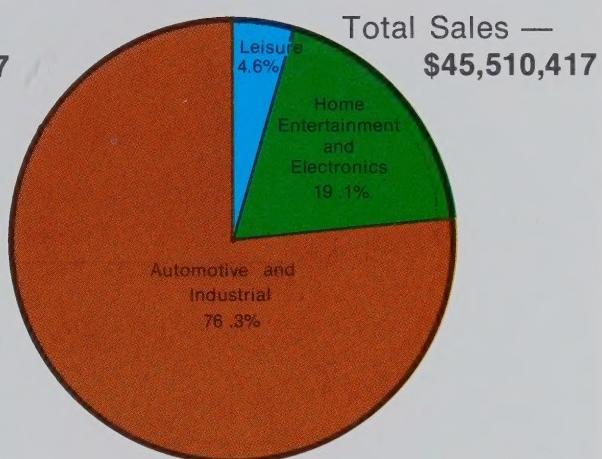


## provincial sales by product group

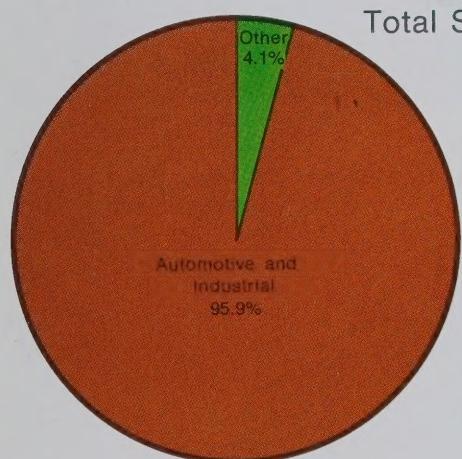
BRITISH COLUMBIA



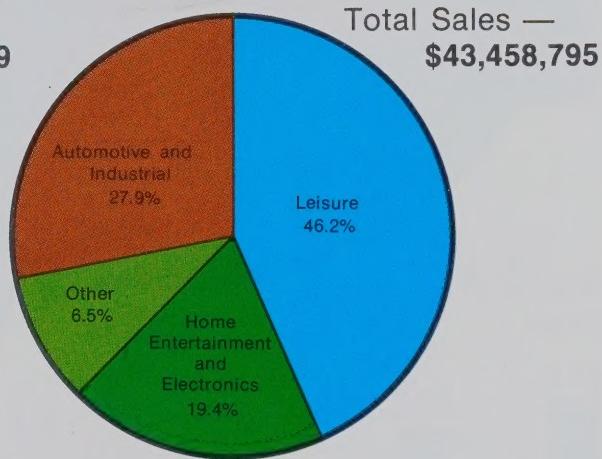
ALBERTA



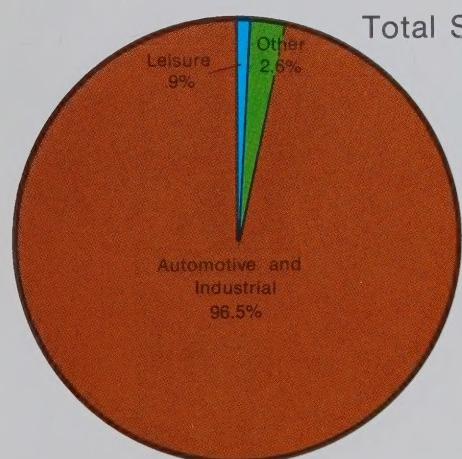
SASKATCHEWAN



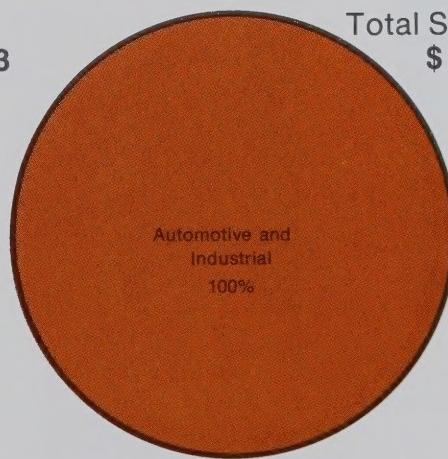
MANITOBA



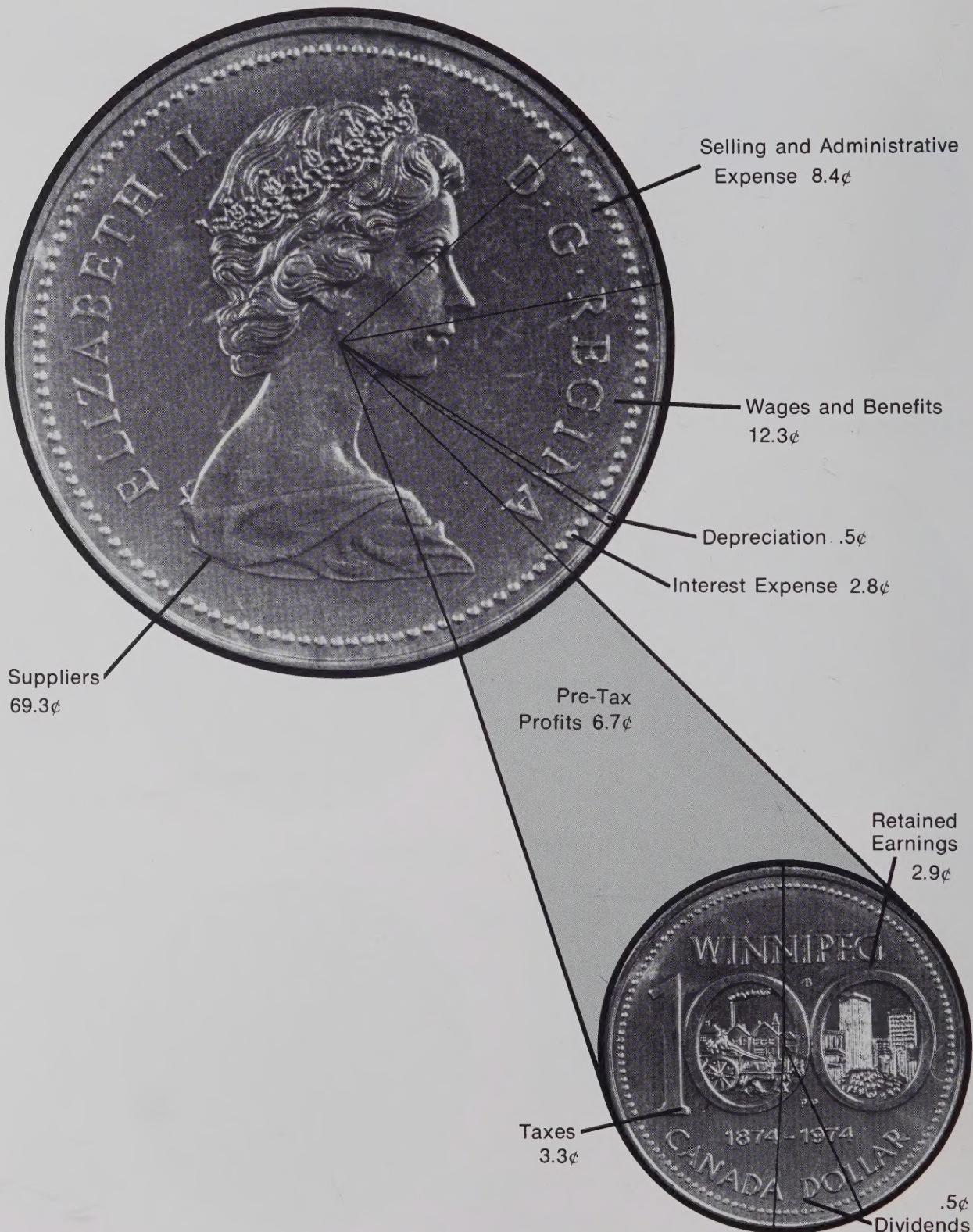
ONTARIO



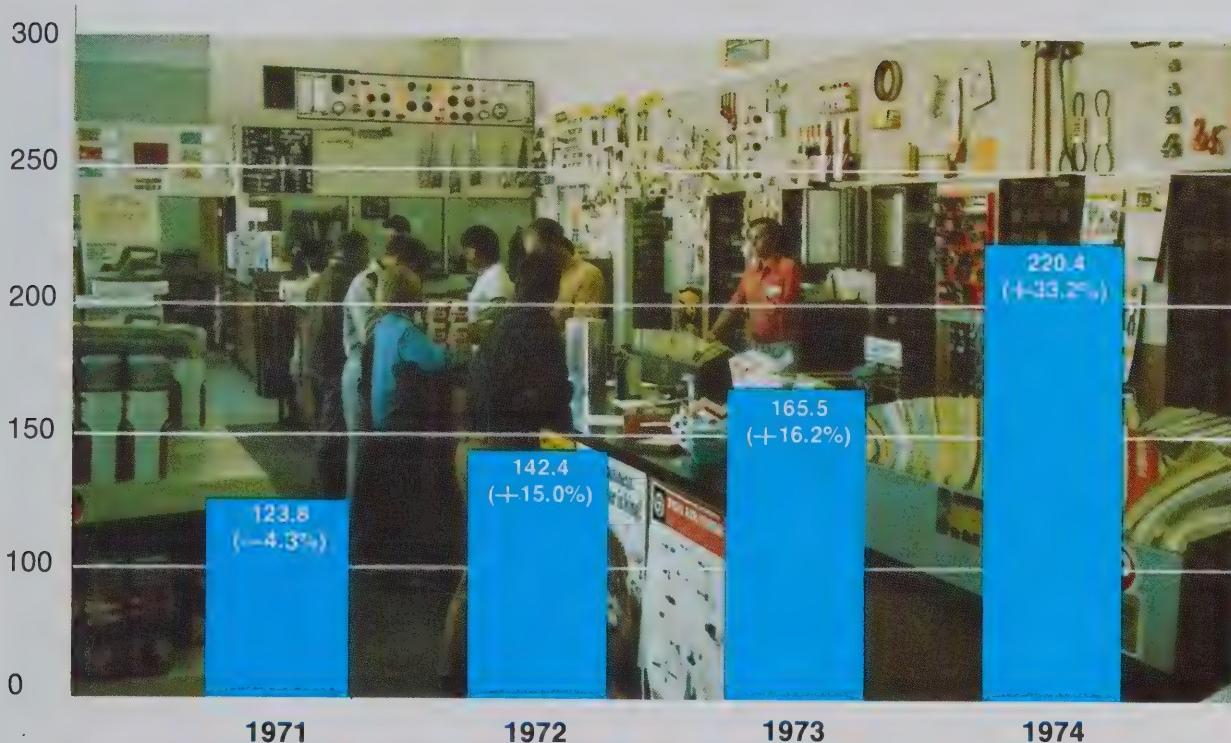
QUEBEC



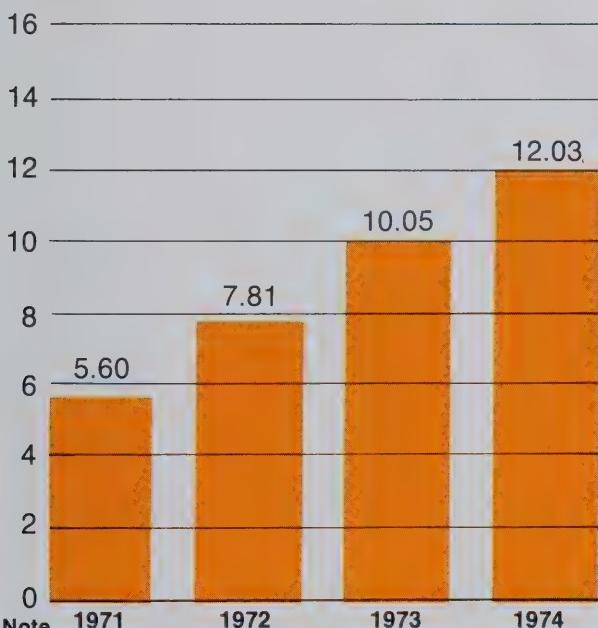
## distribution of 1974 sales dollar



## sales (\$ millions)

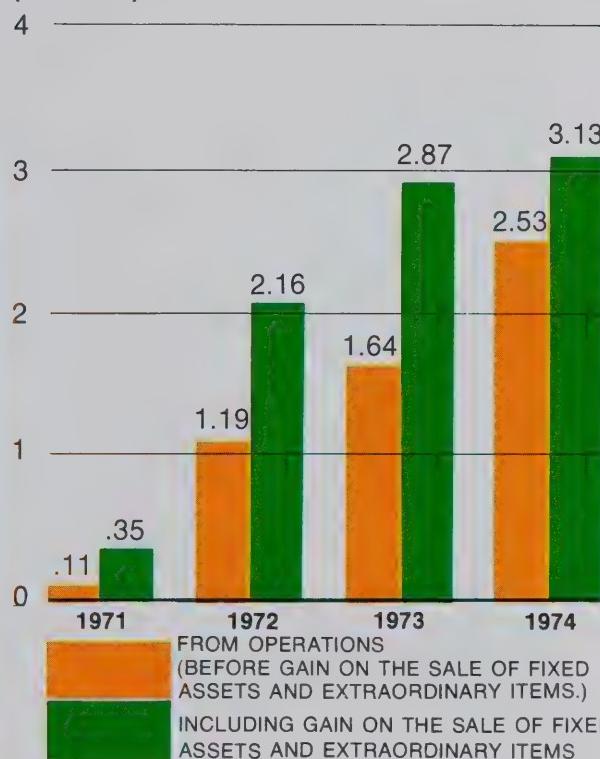


**Equity per Common Share  
(\$ dollars)**

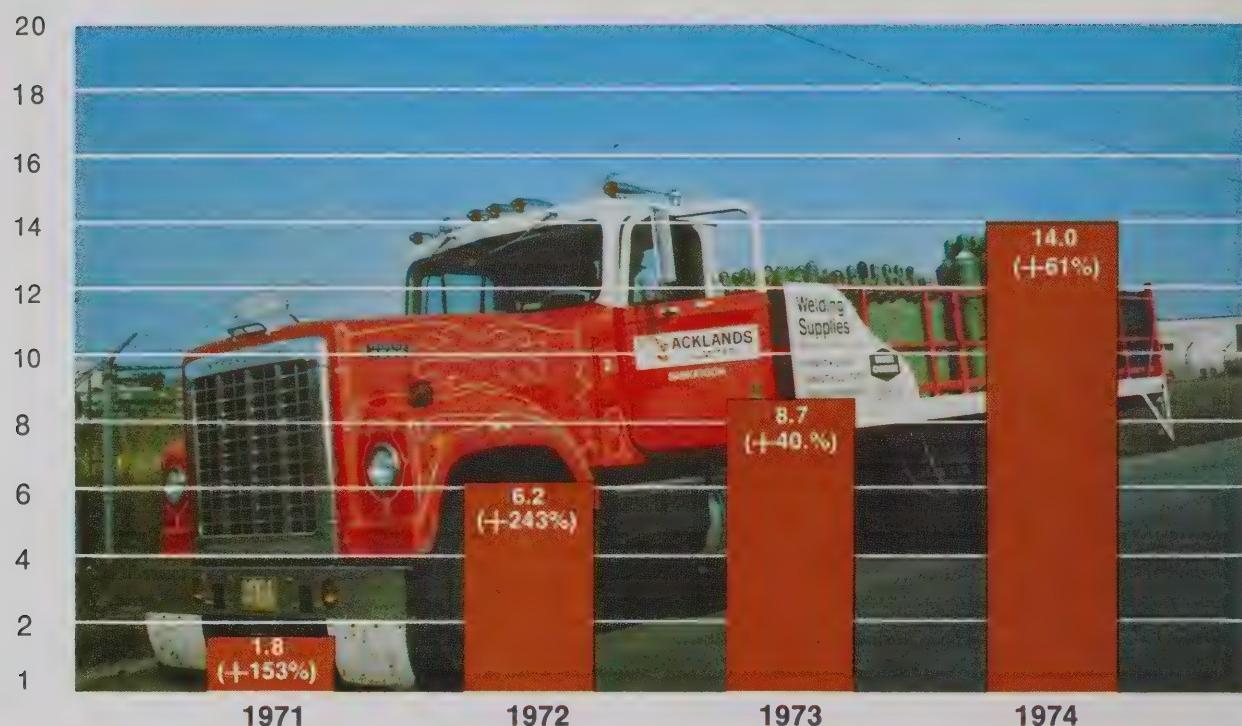


**Note 1971**  
Common shares refer to combined common and convertible third preference shares outstanding. The third preference shares issued in 1967, were fully converted on a one for one basis into common stock in 1973. Results for the year 1971 have been restated to reflect income tax reassessments.

**Earnings per Common Share  
(\$ dollars)**

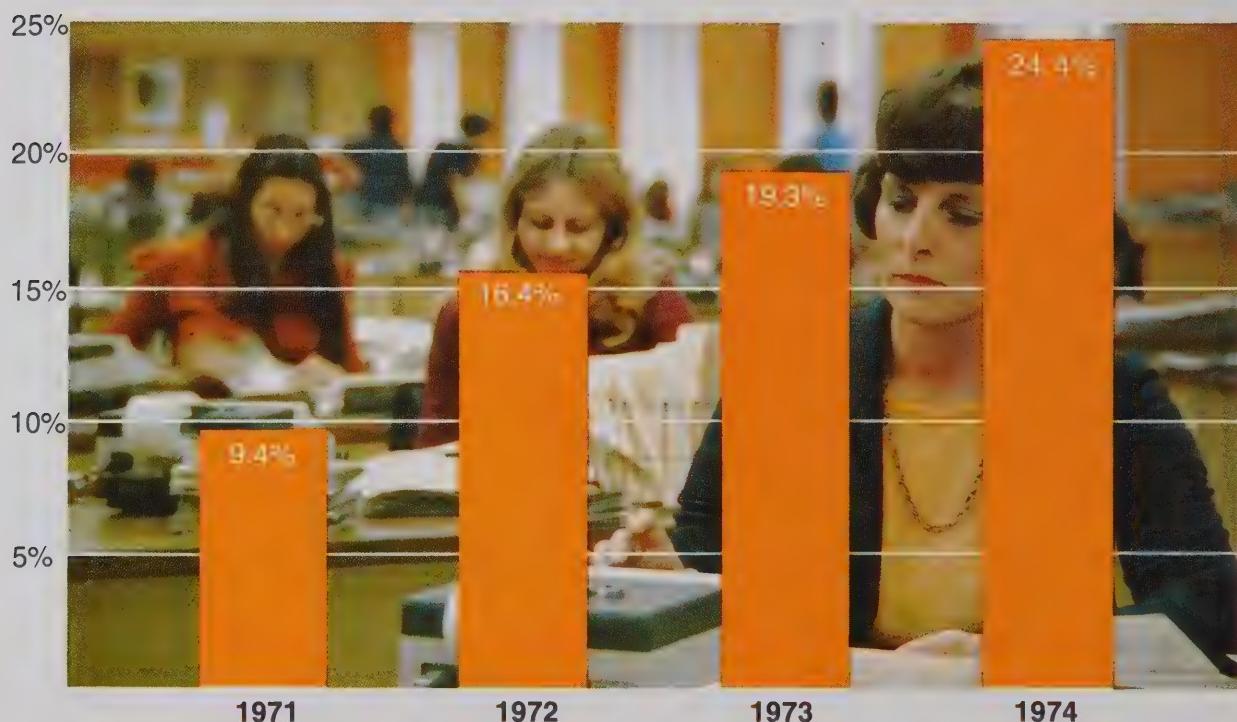


## pre-tax income from operations\* (\$millions)

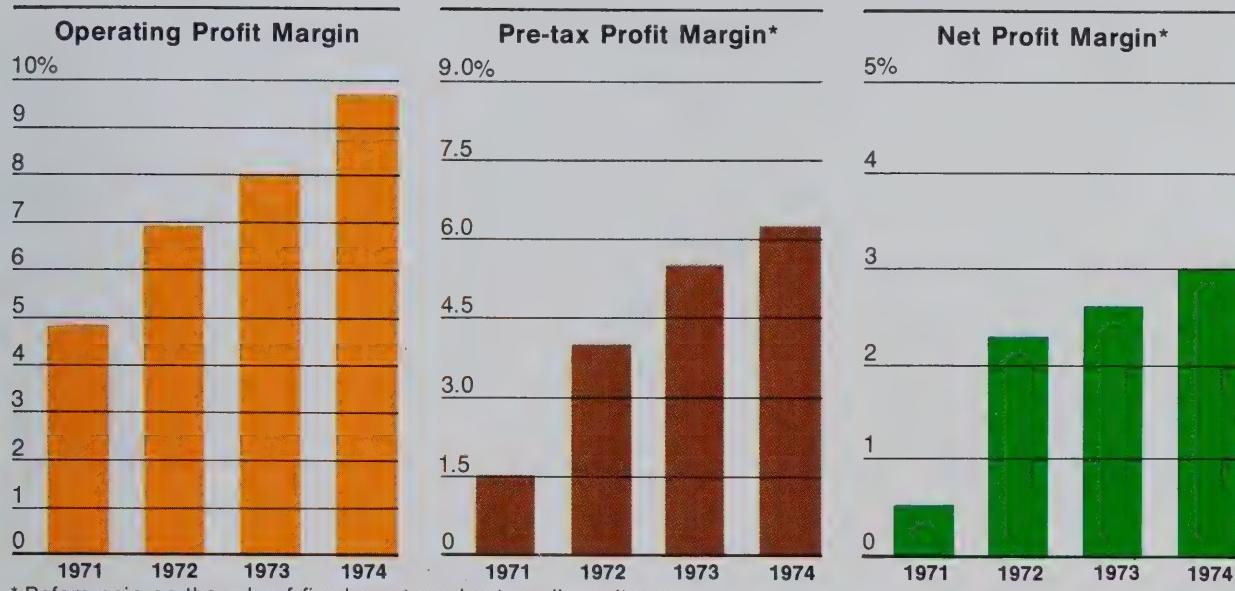


\* Before gains on the sale of fixed assets and extraordinary items.

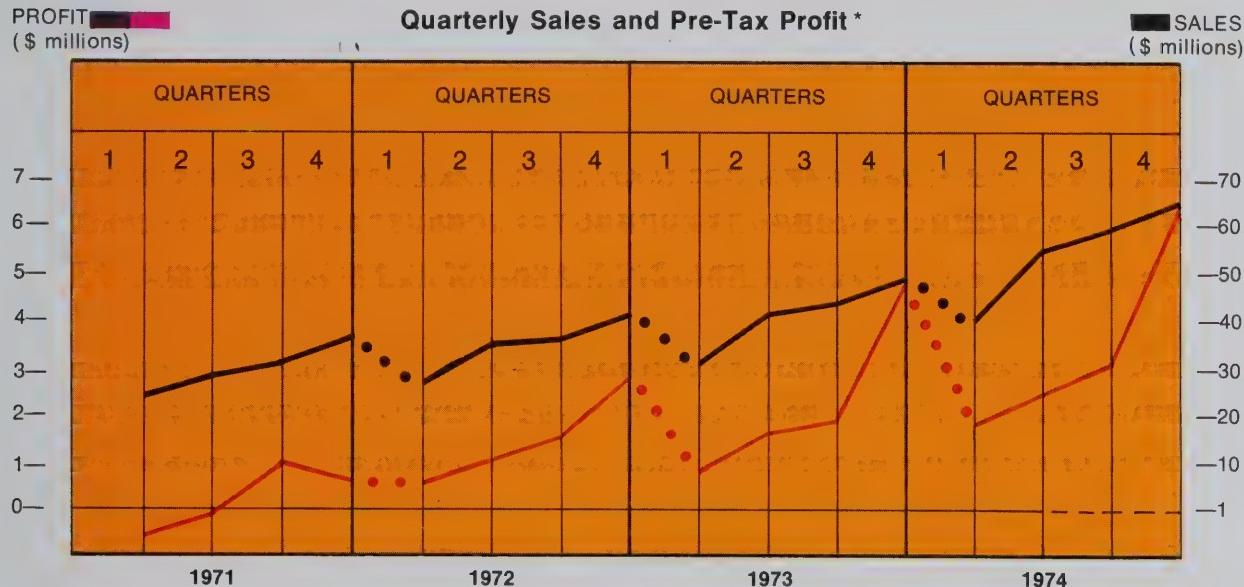
## pre-tax return on invested capital\*



\* Invested capital includes bank advances, long term debt, minority interest and shareholders' equity.



\* Before gain on the sale of fixed assets and extraordinary items.



\* Before gain on the sale of fixed assets and extraordinary items.

#### Quarterly Pre-Tax Profit (\$000's)

|      | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | Year   |
|------|-------------|-------------|-------------|-------------|--------|
| 1971 | (56)        | 98          | 1,106       | 666         | 1,814  |
| 1972 | 434         | 1,097       | 1,742       | 2,951       | 6,224  |
| 1973 | 924         | 1,746       | 1,951       | 4,089       | 8,710  |
| 1974 | 1,826       | 2,570       | 3,166       | 6,449       | 14,011 |

#### Quarterly Sales (\$ millions)

|      | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | Year  |
|------|-------------|-------------|-------------|-------------|-------|
| 1971 | 25.9        | 29.8        | 31.6        | 36.5        | 123.8 |
| 1972 | 28.0        | 35.6        | 36.0        | 42.8        | 142.4 |
| 1973 | 31.0        | 41.3        | 43.8        | 49.4        | 165.5 |
| 1974 | 40.4        | 55.8        | 59.4        | 64.8        | 220.4 |

# Automotive Parts and Accessories



In this product group there are four sales levels — manufacturer, warehouse distributor, wholesale jobber and local repair facility. There are some 40,000 retail outlets for automotive parts and service throughout Canada, all potential customers for the replacement parts distributor.

On the nation's highways today there are nearly 10 million vehicles. Of these, about 65% are passenger cars and trucks falling into the 3 to 10 year old category — the prime market for the replacement parts industry. The size of this market and its profit opportunities make it the most attractive for expansion.

Acklands' automotive warehouse distribution system is expanding through aggressive development of an associate jobber franchise program. The company is also increasing the number of independent wholesale automotive jobbers carrying its products. Acklands has developed new product lines, introduced innovative merchandising techniques, opened new markets and improved its warehouse distribution efficiency over the past year.

The Company is responding to the rising demand for remanufactured products. With shortages in raw materials and higher prices for automobiles, there is a growing trend towards remanufacturing many basic automotive components. Acklands has taken a leadership position in remanufacturing.

Muffler installation depots under the "Action" name are also part of this product group giving Acklands direct retail exposure to one of the largest dollar volume product lines in the automotive aftermarket. Expansion of these outlets is underway.





# Industrial Supplies and Equipment



The Industrial product group continued to be a major contributor to overall sales and profits. The Company's broad industrial product line includes precision machine tools, heavy industrial compressors, hand and power tools, abrasives, fasteners, chemicals and welding supplies.

Demand in Canada for all these products is accelerating in response to the country's expanding industrial base. Prosperity within the capital goods sector stems not only from economic growth. Rising labour costs are also a factor resulting in demand for more efficient and sophisticated industrial equipment. The critical petroleum situation has increased the need for greater industrial capacity. Industrial equipment and products are needed in the search for oil and gas, the construction of pipelines, refinery facilities, fuel storage and transportation.

Acklands is expanding its precision machine tool division and expects significant benefits from this area of operation. The rental of tools and equipment is also a growing business.

Many of Acklands' industrial products are sold under exclusive distribution agreements or under private label. Westward Distributors, Acklands' international division, is largely responsible for developing these product lines. During 1974, Westward expanded its exclusive distribution agreements with foreign manufacturers of industrial equipment. This division orders to its own specifications, tools and various other products from around the world for sale in North America. The search for new products and markets is carried out on a continuous basis.





# Home Entertainment and Electronics



Within this product group are three major divisions, one distributing name brand television receivers and sound equipment, another industrial electronic components, replacement parts and small appliances and the third, records and pre-recorded tapes. Each division has its own dealer network supported by Acklands' merchandising and management expertise.

In the major appliance division, demand was strong during the year for colour television receivers, tape recorders, stereo audio systems, speakers and related accessories. Although television saturation is high, demand has increased for second and third sets. Older sets are also being replaced.

Audio equipment enjoyed substantial growth. Items such as cassette tape recorders and car stereos have proven popular.

Canadian Electronics, an Acklands division, is de-emphasizing home appliance sales and is specializing in sophisticated electronic products for industrial application. General economic expansion and higher capital investment in the electronics industry created a favourable sales climate for this division in 1974.

The record and pre-recorded tape division had a successful year. This is a rapidly growing industry and Acklands is taking advantage of opportunities to expand its market share.





# Leisure Products



The leisure products group showed the highest sales increase in 1974 with a 52% gain over the previous year.

Acklands has exclusive distribution agreements either for all of Canada or a particular province for recreational and sporting equipment such as boats, inboard and outboard marine engines, bicycles, snowmobiles, motorcycles, diesel engines for sailcraft and lawn care equipment. The majority of the company's leisure sales are presently in the mid-West and efforts are being made to penetrate other parts of Canada. A leisure products division has been set up in Ontario and progress to date has been encouraging.

H. C. Paul Limited, Acklands' primary warehouse distributor of leisure products, is expanding its dealer network. Floor plan financing and marketing assistance are being provided to stimulate sales. Powertown, a retail merchandiser of leisure products, achieved higher sales and profits in 1974 and the future outlook is good.

Leisure product demand has been rising. Sales of boats and outboard engines have grown at an unprecedented rate. Motorcycle sales have been strong, particularly for rugged backwood trail bikes. Bicycle sales are growing rapidly. More than 1.3 million of all designs were sold in Canada in 1974. In the past four years bicycles have outsold automobiles in the Canadian market.

Canadians are expected to spend increasingly larger portions of disposable income on leisure products. Income and leisure time are both increasing. The long term prospects for this product group are excellent.





# Corporate Services

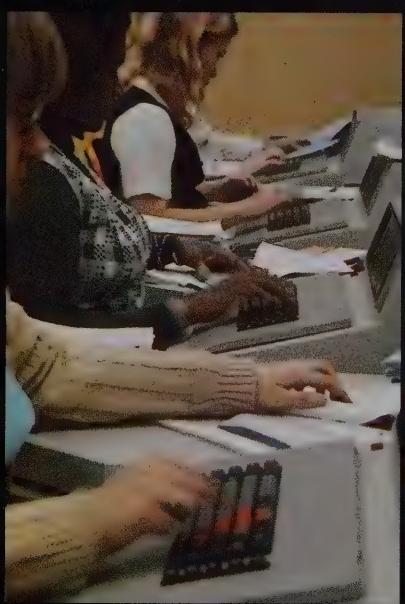


Acklands is a diversified and rapidly growing company. To keep up with the company's own needs, many services are provided internally. The Corporate Service division is an important part of Acklands and includes data processing, property management and financial services. The result is added flexibility and control.

Mackie Data Centre is Acklands' data processing and systems consulting subsidiary. Based in Winnipeg, this company is directing the gradual implementation of computerized inventory control and compiles programs and services to outside firms as well, making it a separate and successful profit centre. Concentrating efforts on cable television, credit unions and finance companies, Mackie has made excellent progress in the marketing of its data processing packages across Canada.

Acklands' Leashold Properties owns or manages some 300 properties in Canada. Most of this space is occupied by Acklands for its own operations with the remainder leased to outside tenants. Acklands Leasehold also handles new construction projects for the company and its subsidiaries.

Westward Investments Limited, a wholly-owned finance company, facilitates the sale and leasing of heavy equipment marketed by Acklands. Westward also provides financing for the company's associate jobber development program.





# ACKLANDS LIMITED

(incorporated under the Laws of Manitoba)  
and subsidiary companies

## consolidated balance sheet

November 30, 1974 (with comparative figures at November 30, 1973)

| ASSETS  | 1974                 | 1973         |
|---|----------------------|--------------|
| <b>Current Assets</b>   |                      |              |
| Cash .....  | \$ 3,236,257         | \$ 3,396,750 |
| Accounts receivable .....   | 40,482,538           | 29,928,355   |
| Receivable from employees .....                                       | 1,288,154            |              |
| Inventories, at the lower of cost and net realizable value .....      | 70,358,175           | 46,274,891   |
| Prepaid expenses .....  | 192,579              | 117,255      |
|   | <b>115,557,703</b>   | 79,717,251   |
| <b>Other Assets</b>   |                      |              |
| Investment in 50% owned company .....                                 | 653,811              | 620,978      |
| Mortgages and lien notes receivable and other investments, at cost .. | 1,003,516            | 662,347      |
|   | <b>1,657,327</b>     | 1,283,325    |
| <b>Fixed Assets (note 2)</b>  |                      |              |
| Land, buildings, equipment and leasehold improvements, at cost ...    | 31,398,527           | 26,121,353   |
| Less accumulated depreciation .....                                   | 11,514,149           | 10,587,908   |
|   | <b>19,884,378</b>    | 15,533,445   |
| <b>Goodwill, less amounts amortized (note 3) .....</b>                | <b>54,556</b>        |              |
|   | <b>\$137,153,964</b> | \$96,534,021 |

Approved by the Board

Nathan Starr, Director

George Forzley, Director



| LIABILITIES  | 1974                 | 1973         |
|--|----------------------|--------------|
| <b>Current Liabilities</b>   |                      |              |
| Bank advances (note 4) .....   | \$ 36,498,142        | \$14,217,428 |
| Accounts payable and accrued liabilities .....                         | 32,592,529           | 23,496,140   |
| Income and other taxes payable (note 5) .....                          | 6,960,614            | 3,940,694    |
| Deferred revenue .....   | 1,064,356            |              |
| Principal due within one year on long-term debt .....                  | 2,606,565            | 2,048,242    |
|  | <b>79,722,206</b>    | 43,702,504   |
| <b>Long-Term Debt</b> (note 6) .....                                   | <b>22,556,281</b>    | 22,705,283   |
| <b>Deferred Income Taxes</b> .....                                     | <b>523,990</b>       | 432,586      |
| <b>Interest of Minority Shareholders in Subsidiary Companies</b> ..... | <b>166,570</b>       | 247,283      |
| <b>SHAREHOLDERS' EQUITY</b>  |                      |              |
| <b>Capital Stock</b> (note 7) .....                                    | <b>15,689,340</b>    | 15,871,340   |
| <b>Contributed Surplus</b> .....                                       | <b>489,782</b>       | 454,534      |
| <b>Retained Earnings</b> .....   | <b>18,005,795</b>    | 13,120,491   |
|  | <b>34,184,917</b>    | 29,446,365   |
|  | <b>\$137,153,964</b> | \$96,534,021 |

### auditors' report

To the Shareholders of  
Acklands Limited

We have examined the consolidated balance sheet of Acklands Limited and subsidiary companies as at November 30, 1974 and the consolidated statements of income, retained earnings, contributed surplus and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at November 30, 1974 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied, except for the change in accounting for goodwill as set out in note 1(a), on a basis consistent with that of the preceding year.

*Thorne Gunn & Co.*

Winnipeg, Canada  
February 10, 1975

Chartered Accountants

# ACKLANDS LIMITED

and subsidiary companies

## consolidated statement of income

Year ended November 30, 1974 (with comparative figures for 1973)

|   | 1974                 | 1973          |
|---|----------------------|---------------|
| Sales .....   | <b>\$220,366,230</b> | \$165,455,709 |
| Cost of sales, selling and administrative expenses before the following | <b>197,928,686</b>   | 151,193,432   |
|   | <b>22,437,544</b>    | 14,262,277    |
| Deduct  |                      |               |
| Depreciation .....  | 1,174,572            | 870,458       |
| Interest on long-term debt .....  | 2,384,372            | 2,014,383     |
| Other interest .....  | 3,866,492            | 1,694,786     |
| Amortization of goodwill .....  | 10,760               |               |
| Remuneration of directors and senior officers .....                     | 990,239              | 972,366       |
| Gain on sale of fixed assets .....                                      | (841,851)            | (1,464,863)   |
|   | <b>7,584,584</b>     | 4,087,130     |
| Income before income taxes, minority interest and extraordinary items   | <b>14,852,960</b>    | 10,175,147    |
| Income taxes (note 5)   |                      |               |
| Current .....   | 7,303,093            | 4,406,598     |
| Deferred .....  | 152,428              | (43,498)      |
|   | <b>7,455,521</b>     | 4,363,100     |
| Income before minority interest and extraordinary items .....           | <b>7,397,439</b>     | 5,812,047     |
| Interest of minority shareholders .....                                 | <b>12,361</b>        | 15,523        |
| Income before extraordinary items .....                                 | <b>7,385,078</b>     | 5,796,524     |
| Extraordinary items   |                      |               |
| Gain on sale of operating division, net of                              |                      |               |
| income taxes of \$102,183 .....   | 457,647              |               |
| Income tax reduction realized on the application of                     |                      |               |
| prior years' losses .....   | 172,263              | 1,572,523     |
|   | <b>629,910</b>       | 1,572,523     |
| <b>Net Income for the year</b> .....                                    | <b>\$ 8,014,988</b>  | \$ 7,369,047  |
| <b>Earnings per share</b> (note 11)                                     |                      |               |
| Income before gain on sale of fixed assets and extraordinary items ..   | <b>\$2.53</b>        | \$1.64        |
| Gain on sale of fixed assets .....                                      | <b>.34</b>           | .59           |
| Income before extraordinary items .....                                 | <b>2.87</b>          | 2.23          |
| Net income for the year .....   | <b>3.13</b>          | 2.87          |



## consolidated statement of retained earnings

Year ended November 30, 1974 (with comparative figures for 1973)

|                                    | 1974                | 1973         |
|------------------------------------|---------------------|--------------|
| Balance at beginning of year ..... | <b>\$13,120,491</b> | \$ 7,629,229 |
| Net income for the year .....      | <b>8,014,988</b>    | 7,369,047    |
|                                    | <b>21,135,479</b>   | 14,998,276   |

Deduct:

|  |                     |              |
|--|---------------------|--------------|
| Dividends on   |                     |              |
| First preference shares .....                              | 10,330              |              |
| Second preference shares .....                             | <b>268,784</b>      | 272,391      |
| Common shares .....  | <b>892,339</b>      | 593,358      |
| Premium paid on redemption of first preference shares      |                     |              |
| including income taxes .....                               | 41,235              |              |
| Excess of cost of shares of subsidiary companies over book |                     |              |
| value at acquisition .....                                 | <b>1,968,561</b>    | 960,471      |
|  | <b>3,129,684</b>    | 1,877,785    |
| <b>Balance at end of year .....</b>                        | <b>\$18,005,795</b> | \$13,120,491 |

## consolidated statement of contributed surplus

Year ended November 30, 1974 (with comparative figures for 1973)

|  | 1974             | 1973       |
|--|------------------|------------|
| Balance at beginning of year .....                               | <b>\$454,534</b> | \$ 454,197 |
| Discount on purchase and cancellation of preference shares ..... | <b>35,248</b>    | 337        |
| <b>Balance at end of year .....</b>                              | <b>\$489,782</b> | \$ 454,534 |

# ACKLANDS LIMITED

and subsidiary companies

## consolidated statement of source and application of funds

Year ended November 30, 1974 (with comparative figures for 1973)

|  | 1974                | 1973         |
|--|---------------------|--------------|
| <b>Source of Funds</b>   |                     |              |
| Net income for the year .....  | <b>\$ 8,014,988</b> | \$ 7,369,047 |
| Items not involving current funds  |                     |              |
| Depreciation .....   | 1,174,572           | 870,458      |
| Amortization of goodwill .....   | 10,760              |              |
| Gain on sale of fixed assets .....   | (841,851)           | (1,464,863)  |
| Gain on sale of operating division,<br>net of income taxes .....                         | (457,647)           |              |
| Deferred income taxes .....  | 152,428             | (43,498)     |
| Increase in equity in 50% owned company .....  | (152,833)           | (261,787)    |
| Funds derived from operations .....  | 7,900,417           | 6,469,357    |
| Proceeds from sale of fixed assets .....   | 1,878,094           | 3,002,294    |
| Dividends received from 50% owned company .....  | 120,000             | 105,000      |
| Proceeds from sale of operating division .....   | 647,306             |              |
| Reduction of mortgages receivable and other assets .....                                 | 454,405             | 544,074      |
| Increase in long-term debt .....   | 3,237,987           | 460,873      |
|  | <b>14,238,209</b>   | 10,581,598   |
| <b>Application of Funds</b>  |                     |              |
| Additions to fixed assets .....  | 6,816,624           | 3,515,465    |
| Reduction of long-term debt .....  | 3,382,989           | 2,246,252    |
| Dividends .....  | 1,161,123           | 876,079      |
| Purchase of minority interest in subsidiary companies .....                              | 80,713              | 51,527       |
| Purchase and redemption of first preference shares .....                                 |                     | 734,823      |
| Purchase of second preference shares .....   | 150,752             |              |
| Excess of cost of shares of subsidiary companies over<br>book value at acquisition ..... | 2,033,877           | 960,471      |
| Increase in mortgages receivable and other assets .....                                  | 791,381             | 318,317      |
|  | <b>14,417,459</b>   | 8,702,934    |
| <b>Increase (decrease) in working capital .....</b>                                      | <b>(179,250)</b>    | 1,878,664    |
| <b>Working capital at beginning of year .....</b>  | <b>36,014,747</b>   | 34,136,083   |
| <b>Working capital at end of year .....</b>  | <b>\$35,835,497</b> | \$36,014,747 |



# notes to consolidated financial statements

Year ended November 30, 1974

## 1. ACCOUNTING POLICIES

### (a) Principles of Consolidation

The consolidated financial statements include the accounts of all subsidiary companies, all of which are wholly-owned with the exception of minority interest in preferred shares of two subsidiaries and a small minority interest in common shares of one subsidiary. The operating results of all subsidiaries are included in the consolidated financial statements from the dates of acquisition and are accounted for as purchases.

Prior to March 31, 1974, the excess of the cost of investments in subsidiaries over the book value of their net tangible assets have been written-off as a charge to retained earnings. For all acquisitions subsequent to March 31, 1974 the excess of the cost over the net identifiable asset values, designated as goodwill, is recorded as an asset and is to be amortized on a straight-line basis as a charge against income over a period of years not to exceed forty years.

### (b) Investment in 50% Owned Company

It is the company's practice to include in income its equity in net earnings of companies 50% owned and to reflect in the investment account its equity in undistributed earnings.

### (c) Fixed Assets

All fixed assets are stated at cost. Depreciation has been recorded on a basis to amortize the cost of fixed assets over their estimated useful life and the depreciation rates applied are substantially as follows

|  |       |     |                                      |
|--|-------|-----|--------------------------------------|
| Buildings .....                        | ..... | 2%  | Straight-line                        |
| Equipment, other than automotive ..... | ..... | 10% | Straight-line                        |
| Equipment, automotive .....            | ..... | 30% | Diminishing balance                  |
| Leasehold improvements .....           | ..... |     | Over the unexpired term of the lease |

## 2. FIXED ASSETS

|                              | 1974                       |                            | 1973                       |
|------------------------------|----------------------------|----------------------------|----------------------------|
|                              | Cost                       | Accumulated depreciation   | Net                        |
| Land .....                   | <u>\$ 3,463,395</u>        | <u>\$ 3,463,395</u>        | <u>\$ 2,663,525</u>        |
| Buildings .....              | <u>16,060,352</u>          | <u>4,015,070</u>           | <u>9,342,842</u>           |
| Equipment .....              | <u>10,404,244</u>          | <u>6,980,767</u>           | <u>2,805,481</u>           |
| Leasehold improvements ..... | <u>1,470,536</u>           | <u>518,312</u>             | <u>721,597</u>             |
|                              | <u><b>\$31,398,527</b></u> | <u><b>\$11,514,149</b></u> | <u><b>\$19,884,378</b></u> |
|                              |                            |                            | <u><b>\$15,533,445</b></u> |

## 3. SUBSIDIARIES ACQUIRED

Pursuant to purchase agreements completed in the current year, all of the issued shares of companies engaged in the automotive aftermarket have been acquired for a total consideration of \$4,620,167. The acquisitions of these subsidiaries are accounted for as follows

|   | 1974                       | 1973                       |
|---|----------------------------|----------------------------|
| Net assets acquired   |                            |                            |
| Net tangible assets of the acquired companies .....                             | <u>\$ 2,586,290</u>        | <u>\$ 1,085,661</u>        |
| Excess of cost of shares of subsidiary companies over book value at acquisition | <u>2,033,877</u>           | <u>960,471</u>             |
|   | <u><b>\$ 4,620,167</b></u> | <u><b>\$ 2,046,132</b></u> |
| Consideration   |                            |                            |
| Cash .....  | <u>\$ 2,687,667</u>        | <u>\$ 1,697,132</u>        |
| Notes payable .....   | <u>1,932,500</u>           | <u>349,000</u>             |
|   | <u><b>\$ 4,620,167</b></u> | <u><b>\$ 2,046,132</b></u> |

The excess cost, designated as goodwill, of \$2,033,877 in 1974, is accounted for by a charge of \$1,968,561 (\$960,471 in 1973) to retained earnings and the balance, \$65,316, recorded as an asset, is being amortized by charges to income (note 1(a)).

## 4. BANK ADVANCES

Bank advances are secured by the assignment of accounts receivable, a first floating charge on inventories and a junior floating charge on other assets.

## 5. INCOME TAXES

- (a) The Department of National Revenue proposes to re-assess the companies for additional income taxes for the years 1970 and 1971. Full provision has been made for these taxes payable, including accrued interest up to November 30, 1974.
- (b) Certain of the companies reflect in earnings income taxes currently payable and also income taxes deferred by claiming capital cost allowances differing from depreciation recorded in the accounts. The accumulated amount of their income taxes so deferred is reflected in the balance sheet as "Deferred income taxes."

# ACKLANDS LIMITED

and subsidiary companies

(c) In other companies, and after giving effect to the matters referred to in paragraph (a) losses of \$767,842 remain deductible in determining income taxes payable in future years as follows

| Year of loss | Amount of loss   | Date of expiry |
|--------------|------------------|----------------|
| 1970         | \$379,049        | 1975           |
| 1971         | 215,704          | 1976           |
| 1972         | 117,308          | 1977           |
| 1973         | 14,013           | 1978           |
| 1974         | 41,768           | 1979           |
|              | <u>\$767,842</u> |                |

(d) At November 30, 1974 undepreciated capital cost of depreciable fixed assets exceeds net book value by \$1,366,744

(e) The income tax effect of the matters referred to in paragraphs (c) and (d) has not been recognized in the accounts.

## 6. LONG-TERM DEBT

|   | 1974                | 1973         |
|---|---------------------|--------------|
| Acklands Limited  |                     |              |
| Term bank loans, payable \$1,428,570 per annum plus accrued interest at 1 1/4% over prime bank rates (see note 4) .....                 | <b>\$ 7,142,860</b> | \$ 8,571,430 |
| 7 3/4% First Mortgage Bonds Series A, maturing August 15, 1986, payable \$200,000 February 15 and August 15 annually to 1986 .....      | <b>4,800,000</b>    | 5,200,000    |
| 7 1/2% Unsecured Convertible Debentures Series A, maturing June 15, 1988 having a sinking fund requirement of \$500,000 per annum ..... | <b>8,372,000</b>    | 8,842,000    |
| 7 1/2% Notes, payable \$50,000 April 30 annually to 1978 .....  | <b>200,000</b>      | 250,000      |
| 8% Notes, payable \$20,000 May 31 annually to 1978 .....  | <b>80,000</b>       | 99,000       |
| 7% Notes, payable \$182,187 December 31 and June 30 annually to 1977 .....  | <b>1,275,312</b>    |              |
| 9% Notes, payable \$25,000 December 1 annually to 1978 .....  | <b>125,000</b>      |              |
| 7% Notes, payable \$50,000 May 31 annually to 1976 .....  | <b>100,000</b>      |              |
| 10% Notes, payable \$83,333 January 18 annually to 1977 .....   | <b>250,000</b>      |              |

### Subsidiaries

|  |                     |              |
|--|---------------------|--------------|
| 6% to 10 1/2% Mortgages, agreements and notes payable in monthly instalments ..... | <b>2,817,674</b>    | 1,791,095    |
| Less principal included in current liabilities .....                               | <b>25,162,846</b>   | 24,753,525   |
|  | <b>2,606,565</b>    | 2,048,242    |
|  | <b>\$22,556,281</b> | \$22,705,283 |

Principal due within each of the next five years is as follows

|            |             |
|------------|-------------|
| 1975 ..... | \$2,606,565 |
| 1976 ..... | 2,979,237   |
| 1977 ..... | 3,062,602   |
| 1978 ..... | 2,787,001   |
| 1979 ..... | 2,567,347   |

## 7. CAPITAL STOCK

(a) Authorized and issued

|  | Authorized     |                     | Issued         |                  |
|--|----------------|---------------------|----------------|------------------|
|  | Shares         | Amount              | Shares         | Amount           |
| Non-voting second preference shares issuable in series, par value \$16.00 each ..... | 910,717        | \$14,571,472        |                |                  |
| Series A — 6% Cumulative, convertible and redeemable at \$17.00 each .....           | 284,234        | \$ 4,547,744        | 283,740        | \$ 4,539,840     |
| Deduct purchased for cancellation during the year...                                 | 11,625         | 186,000             | 11,625         | 186,000          |
|  | <u>272,609</u> | <u>\$ 4,361,744</u> | <u>272,115</u> | <u>4,353,840</u> |



|  | Authorized       |        | Issued           |                     |
|--|------------------|--------|------------------|---------------------|
|  | Shares           | Amount | Shares           | Amount              |
| Common shares without par value .....                                  | 3,857,240        |        | 2,478,439        | 11,331,500          |
| Add issued on conversion of 7½% unsecured convertible debentures ..... |                  |        | 280              | 4,000               |
|  | <u>3,857,240</u> |        | <u>2,478,719</u> | <u>11,335,500</u>   |
|  |                  |        |                  | <u>\$15,689,340</u> |

(b) Common shares reserved for issue

|  | Expiry Date       | Price   | Number of common shares reserved |
|--|-------------------|---------|----------------------------------|
| Upon conversion of 7½% Unsecured Convertible Debentures Series A ...                       | June 14, 1978     | \$14.28 | 586,040                          |
| On exercise of share purchase warrants issued with 7¾% First Mortgage Bonds Series A ..... | September 1, 1978 | \$14.29 | 45,000                           |
|  |                   |         | <u>631,040</u>                   |

## 8. CONTINGENT LIABILITIES AND COMMITMENTS

- (a) Conditional sales agreements assigned with recourse and other guarantees total \$472,216.
- (b) Outstanding bank letters of credit amount to \$1,486,782.
- (c) The companies have commitments under leases extending through 1999 which, after recoveries from sub-tenants totalling \$1,197,060 call for future net rentals of approximately \$7,227,901. Net rentals for each of the next five years are as follows

|           |             |
|-----------|-------------|
| 1975..... | \$1,255,731 |
| 1976..... | 1,072,839   |
| 1977..... | 887,595     |
| 1978..... | 657,445     |
| 1979..... | 429,516     |

- (d) Subsequent to November 30, 1974, the company has agreed to acquire another business for cash. The purchase price has not been finally determined at February 10, 1975, however, the result of the acquisition will be an improvement in working capital.

## 9. PENSION PLAN

In 1974 the company changed its pension plan and provided further past service benefits. This has given rise to an unfunded past service liability of approximately \$1,700,000 which will be paid and charged to income over a nineteen year period.

## 10. PROPOSED FINANCING

- (a) The company intends to arrange for the issue of First Mortgage Bonds Series B in the amount of \$25,000,000.
- (b) The company proposes to seek approval from the holders of 7½% Unsecured Convertible Debentures to extend the conversion option date thereon to June 14, 1981 from June 14, 1978.

## 11. EARNINGS PER SHARE

- (a) The calculation of basic earnings per share, after adjusting for second preference share dividends, has been made using the weighted monthly average number of common shares outstanding in each year.
- (b) Fully diluted earnings per share are as follows

|  | 1974          | 1973    |
|--|---------------|---------|
| Income before gain on sale of fixed assets and extraordinary items ..... | <b>\$2.03</b> | \$ 1.36 |
| Gain on sale of fixed assets .....                                       | .25           | .43     |
| Income before extraordinary items .....                                  | <b>2.28</b>   | 1.79    |
| Net income for the year .....  | <b>2.47</b>   | 2.25    |

In calculating fully diluted earnings per share the weighted monthly average number of common shares outstanding in each year has been calculated assuming

- (i) full conversion of the convertible debentures and second preference shares on the dates of issue, and
- (ii) the exercising of the outstanding common share purchase warrants on the dates of issue.

Net income used in this calculation, both before and including extraordinary items, reflects a reduction in interest costs, imputed earnings on exercise of the common share purchase warrants, and the related effect on income taxes resulting from the above assumptions.

## 12. THE COMPANIES ACT OF BRITISH COLUMBIA

These financial statements comply with the disclosure requirements of the Act of incorporation (Manitoba Companies Act) and the securities legislation of certain provinces in Canada, but do not purport to comply with all disclosure requirements unique to the Companies Act of British Columbia.

# ACKLANDS LIMITED

and subsidiary companies

## 10 year review

|  | 1974                 | 1973          | 1972          | 1971*         |
|--|----------------------|---------------|---------------|---------------|
| <b>SALES</b>                           | <b>\$220,366,230</b> | \$165,455,709 | \$142,379,712 | \$123,811,177 |
| DEPRECIATION                           | <b>1,174,572</b>     | 870,458       | 850,665       | 1,050,969     |
| INTEREST ON LONG-TERM DEBT             | <b>2,384,372</b>     | 2,014,383     | 1,321,993     | 1,395,118     |
| <b>EARNINGS FOR THE YEAR</b>           |                      |               |               |               |
| Including extraordinary items          | <b>8,014,988</b>     | 7,369,047     | 5,654,370     | 1,197,590     |
| Before extraordinary items             | <b>7,385,078</b>     | 5,796,524     | 3,486,645     | 861,120       |
| <b>DIVIDENDS</b>                       |                      |               |               |               |
| Preference Shareholders                | <b>268,784</b>       | 282,721       | 589,725       | 53,904        |
| Common Shareholders                    | <b>892,339</b>       | 593,358       |               |               |
| <b>WORKING CAPITAL</b>                 | <b>35,835,497</b>    | 36,014,747    | 34,136,083    | 23,397,973    |
| FIXED ASSETS, net                      | <b>19,884,378</b>    | 15,533,445    | 14,425,869    | 13,175,725    |
| LONG-TERM DEBT                         | <b>22,556,281</b>    | 22,705,283    | 24,621,662    | 17,194,685    |
| <b>SHAREHOLDERS' EQUITY</b>            | <b>34,184,917</b>    | 29,446,365    | 24,517,691    | 20,023,029    |
| <b>TOTAL ASSETS</b>                    | <b>137,153,964</b>   | 96,534,021    | 80,899,859    | 72,921,270    |
| <b>EARNINGS PER SHARE</b> (see notes)  |                      |               |               |               |
| Including extraordinary items          |                      |               |               |               |
| Basic                                  | <b>3.13</b>          | 2.87          | 2.16          | .35           |
| Fully diluted                          | <b>2.47</b>          | 2.25          | 1.73          |               |
| Before extraordinary items             |                      |               |               |               |
| Basic                                  | <b>2.87</b>          | 2.23          | 1.28          | .22           |
| Fully diluted                          | <b>2.28</b>          | 1.79          | 1.10          |               |
| <b>DIVIDENDS PAID PER COMMON SHARE</b> | <b>.36</b>           | .24           |               |               |
| <b>EQUITY PER SHARE</b>                | <b>12.03</b>         | 10.05         | 7.81          | 5.60          |
| <b>NUMBER OF BRANCHES</b>              | <b>272</b>           | 225           | 196           | 191           |

### Notes

- The calculation of basic earnings per share, after adjusting for first and second preference share dividends, has been made using the weighted monthly average number of common and third preference shares outstanding in each year.
- In calculating fully diluted earnings per share the weighted monthly average number of common and third preference shares outstanding in each year has been calculated assuming:
  - full conversion of the convertible debentures and second preference shares on the dates of issue, and
  - the exercising of the outstanding common share purchase warrants on the dates of issue.



| 1970*         | 1969*         | 1968*         | 1967*         | 1966          | 1965          |
|---------------|---------------|---------------|---------------|---------------|---------------|
| \$129,362,581 | \$134,900,759 | \$116,705,941 | \$ 84,834,234 | \$ 19,838,899 | \$ 16,899,600 |
| 938,745       | 812,471       | 768,405       | 686,758       | 222,874       | 129,921       |
| 1,432,478     | 1,533,010     | 1,019,184     | 538,647       | 153,906       | 128,663       |
| (3,755,240)   | 1,644,359     | 2,486,583     | 1,655,088     | 451,955       | 286,243       |
| (3,840,166)   | 1,191,530     | 1,230,342     | 365,088       | 451,955       | 286,243       |
| 411,881       | 411,214       | 202,110       | 59,082        | 59,731        | 60,000        |
| 381,558       | 356,615       | 170,354       | 83,197        | 58,018        | 45,848        |
| 23,157,099    | 28,974,383    | 28,697,949    | 13,220,099    | 3,521,439     | 3,319,127     |
| 14,071,648    | 13,118,526    | 13,544,421    | 10,157,540    | 2,741,504     | 2,770,064     |
| 18,167,639    | 18,650,778    | 19,291,258    | 8,430,044     | 2,431,154     | 2,644,004     |
| 19,495,395    | 24,041,194    | 23,033,226    | 15,494,886    | 4,055,455     | 3,628,889     |
| 76,982,258    | 87,867,565    | 79,223,651    | 55,653,611    | 12,232,692    | 11,062,262    |
| (1.69)        | .50           | .93           | .72           | .81           | .49           |
|               |               | .87           | .70           | .67           | .39           |
| (1.72)        | .32           | .28           | (note 3) .13  | .81           | .49           |
|               |               |               | .12           | .67           | .39           |
| .24           | .24           | .16           | .16           | .12           | .10           |
| 5.12          | 6.96          | 6.59          | 5.92          | 6.34          | 5.73          |
| 179           | 211           | 204           | 150           | 36            | 33            |

\* Results for the years 1967-71 inclusive, have been restated to retroactively reflect income tax reassessments.

Net income used in this calculation, both before and including extraordinary items, reflects a reduction in interest costs, imputed earnings on exercise of the common share purchase warrants, and the related effect on income taxes resulting from the above assumptions.

Where fully diluted earnings per share figures are not presented, it is because contingent share issuances did not have any adverse effect on earnings per share.

3. The decrease from 1966 was caused by the creation of 1,857,240 convertible third preference shares in 1967.

## senior management



**NATHAN STARR** C.A.  
*Executive Vice-President*



**GEORGE FORZLEY**  
*Senior Vice-President and  
General Manager*



**NORMAN A. PEDEN**  
*Vice-President,  
Western Operations*



**DONALD J. DAWSON**  
*Vice-President,  
Eastern Operations*



**SAMUEL H. BLANK**  
*Vice-President,  
Director of Purchasing*



**BLAKE E. FORREST**  
*Vice-President,  
International Division*



**ARNOLD GLASS**  
B.Comm., C.A.  
*Secretary-Treasurer*



**ALEX KOZMA**  
Vice-President and  
*General Manager, Ontario*



**ARNOLD H. MAIN**  
Vice-President,  
*Western Automotive Rebuilders*



**HARRY C. PAUL**  
Vice-President,  
*H. C. Paul Limited*



**VICTOR A. AKER**  
General Manager,  
*British Columbia*



**DOUGLAS G. CUMMING**  
General Manager,  
*Alberta*



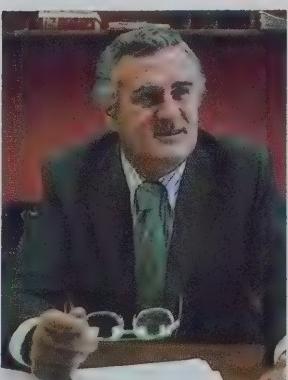
**THEODORE STOKES**  
General Manager,  
*Saskatchewan*



**DONALD T. LANGTON**  
General Manager,  
*Quebec*



**LEONARD J. KENNA**  
Assistant to the Executive  
*Vice-President, Operations*



**DAVID M. CRAIG**  
General Credit Manager



**LEONARD G. WALKER**  
C.A. Manager, Internal Audit



**ALLAN IRELAND**  
Assistant to the Senior  
*Vice-President, Inventory Control*



# directory

## BOARD OF DIRECTORS

**Philip Ashdown**, B.A., LL.B., M.B.A., Barrister and Solicitor, Winnipeg  
**\*Hyman Bessin**, President, Ottawa  
**Moshe Bessin**, B.A., B.R.E., M.B.A., President, Mindy's Limited, Toronto  
**\*Donald E. Boxer**, B.Comm., M.B.A., Investment Dealer, Director, Burns Bros. and Denton Limited, Toronto  
**Michael H. Caine**, Director, Booker McConnell Ltd., London, England  
**Daniel W. Casey**, Toronto  
**\*George Forzley**, Senior Vice-President and General Manager, Vancouver  
**Dr. Nathan Schechter**, B.Sc., M.D., C.R.C.P.(C), F.A.C.P., F.I.C.A., Physician, Ottawa  
**\*Nathan Starr**, C.A., Executive Vice-President, Toronto  
**Samuel Wallin**, B.A., Vice-President, Queen Younge Investments Ltd., Toronto  
**\*Donald J. Wilkins**, Honourary Chairman, Fry Mills Spence Limited, Toronto  
**W. Frederick Wilks**, Williamsville, New York  
**Joseph Wolinsky**, Winnipeg  
**\*Leonard Wolinsky**, Chairman of the Board, Toronto

\*Members of Executive Committee.

## OFFICERS AND STAFF

**Leonard Wolinsky**, Chairman of the Board  
**Hyman Bessin**, President  
**Nathan Starr, C.A.**, Executive Vice-President  
**George Forzley**, Senior Vice-President and General Manager  
**Norman A. Peden**, Vice-President, Western Operations  
**Donald J. Dawson**, Vice-President, Eastern Operations  
**Arnold Glass, B.Comm., C.A.**, Secretary-Treasurer  
**Samuel H. Blank**, Vice-President, Director of Purchasing  
**Blake E. Forrest**, Vice-President, International Division  
**Alex Kozma**, Vice-President and General Manager, Ontario  
**Arnold H. Main**, Vice-President, Western Automotive Rebuilders  
**Lloyd Utigard**, General Manager, Western Automotive Rebuilders  
**Harry C. Paul**, Vice-President, H. C. Paul Limited  
**Vivian Daly**, Assistant General Manager, H. C. Paul Limited  
**Leonard J. Kenna**, Assistant to the Executive Vice-President, Operations  
**John F. Driscoll**, Assistant to the Executive Vice-President, Corporate Affairs  
**Allan Ireland**, Assistant to the Senior Vice-President, Inventory Control  
**Allan R. Smith**, Assistant to the Senior Vice-President, Merchandising  
**David M. Craig**, General Credit Manager  
**Leonard G. Walker, C.A.**, Manager, Internal Audit  
**Samuel N. Smilski, C.A.**, Comptroller  
**Victor A. Aker**, General Manager, British Columbia  
**E. Roland Williams**, Assistant General Manager, British Columbia  
**Douglas G. Cumming**, General Manager, Alberta  
**Allan Strachan**, General Manager, Southern Alberta  
**Robert Govenlock**, Assistant General Manager, Alberta  
**Theodore Stokes**, General Manager, Saskatchewan  
**Arnold Harbour**, Assistant General Manager, Manitoba and North West Ontario  
**Donald T. Langton**, General Manager, Quebec

# corporate organization



## BRITISH COLUMBIA

### Acklands

|  |                   |
|--|-------------------|
| Burnaby  | C. Hummel         |
| Campbell River                                       | N. T. Bjarnason   |
| Chilliwack   | J. Milino         |
| Cranbrook  | A. Gordon         |
| Dawson Creek   | D. Franke         |
| Fort St. John  | B. Amundsen       |
| Haney  | D. Brown          |
| Langley  | A. Kerwood        |
| Kamloops   | M. Mombouquette   |
| Kelowna  | E. F. Guenard     |
| MacKenzie  | D. Sowden         |
| Nanaimo  | G. W. Griffiths   |
| Nelson   | J. L. Miller      |
| New Westminster                                      | A. E. Stenning    |
| Penticton  | D. Scott          |
| Port Alberni   | K. Flint          |
| Prince George  | V. Russman        |
| Prince Rupert  | A. Majorie        |
| Quesnel  | D. Gibson         |
| Revelstoke   | W. Ward           |
| Richmond   | W. Gilbert        |
| Smithers   | B. Byrgesen       |
| Sparwood   | G. Maddison       |
| Terrace  | H. Young          |
| Trail  | G. Tagami         |
| Vancouver  |                   |
| 1100 Venables Street                                 | M. N. Clark       |
| 1725 Quebec Street                                   | V. Aker           |
| 30 E. 69th Ave.                                      | C. Mayes          |
| 55 East Cordova Street                               | D. S. Sinclair    |
| 110 West 4th Avenue                                  | K. R. Turner      |
| 1380 Pemberton Avenue                                | R. J. Kelly       |
| 1088-1096 Roosevelt Cres.                            | R. J. Kelly       |
| 4 West 7th Avenue                                    | M. Doyle          |
| 120 West 4th Street, Industrial Rubber and Pump Div. | K. McLelland      |
| 538 West 8th Avenue                                  |                   |
| Paint and Body Supply                                | A. G. Willis      |
| Victoria   | L. D. Annear      |
| Williams Lake  | J. T. Tasker      |
| Accurate Pre-Hung Door                               |                   |
| Vancouver  | L. Nygen          |
| Acklands Contract & Builders Hardware                |                   |
| Vancouver  | N. Chilton        |
| Canadian Electronics                                 |                   |
| Kamloops   | M. Mombouquette   |
| Nanaimo  | G. W. Griffiths   |
| Prince George  | W. Hall           |
| Vancouver  |                   |
| 1016 Richards Street                                 | T. Pashak         |
| Refrigeration Division                               | H. Pauley         |
| Victoria   | D. E. Clark       |
| Echo Motor Products                                  |                   |
| Burnaby  |                   |
| E. Hastings  | I. W. S. McDonald |
| Kingsway   | L. Horne          |
| Delta  | N. R. Grazier     |

|                                       |                   |
|---------------------------------------|-------------------|
| Haney                                 | L. L. Lawrence    |
| Powell River                          | D. W. Burnett     |
| <b>R. L. Kennedy (1970)</b>           |                   |
| Vancouver                             | R. N. McLellan    |
| <b>Major Appliances</b>               |                   |
| Vancouver                             | J. K. Bannister   |
| <b>Mercury Marine</b>                 |                   |
| Vancouver                             | J. L. Harvey      |
| <b>Taylor Pearson &amp; Carson</b>    |                   |
| Vancouver                             |                   |
| Marine & Turf Division                | R. J. Crowe       |
| Record Division                       | R. B. Ayres       |
| <b>Western Warehouse Distributors</b> |                   |
| Kamloops                              | M. Mombouquette   |
| Prince George                         | V. Russman        |
| Vancouver                             | M. N. Clark       |
| Victoria                              | D. Annear         |
| <b>Westward Distributors</b>          |                   |
| Vancouver                             | N. F. J. Callaway |



## ALBERTA

|                                    |                  |
|------------------------------------|------------------|
| Acklands                           |                  |
| Blairmore                          | W. Field         |
| Brooks                             | B. Risdale       |
| <b>Calgary</b>                     |                  |
| 4124 - 9 St. S.E.                  | M. Vangotsinoven |
| Record Division                    | P. Morsch        |
| Camrose                            | N. Hancock       |
| Drayton Valley                     | E. LaFleur       |
| <b>Edmonton</b>                    |                  |
| 9515 - 63rd Avenue                 | J. Dillingham    |
| Rental Division—8210 McIntyre Road | C. Knull         |
| 12410 - 142 Street                 | W. Fedorak       |
| 16108 - 114 Avenue                 | E. Watson        |
| 8210 McIntyre Road                 | R. Dombrosky     |
| 12255 Fort Road                    | P. Lanctot       |
| Edson                              | D. Semenuik      |
| Fort McMurray                      | L. Bendfeld      |
| Fort Saskatchewan                  | L. P. Foster     |
| Fox Creek                          | K. Bliss         |
| Grande Cache                       | L. Kachmar       |
| Grande Prairie                     | R. Jones         |
| Hinton                             | G. Ireland       |
| Lacombe                            | H. Spelt         |
| Lethbridge                         | K. David         |
| Lloydminster                       | W. Campbell      |
| Medicine Hat                       | J. Reynolds      |
| Peace River                        | D. Alm           |
| Red Deer                           | T. Thorndale     |
| Rocky Mountain House               | D. Paras         |
| Slave Lake                         | R. D. Wright     |
| Stettler                           | J. R. Snyder     |
| St. Paul                           | A. Wozniak       |
| Taber                              | R. McGregor      |
| Westlock                           | L. Birnie        |
| Whitecourt                         | M. Clarke        |

## Britannia Automotive Products

Edmonton ..... P. Oram

## Action Muffler

|                           |             |
|---------------------------|-------------|
| Calgary                   |             |
| Centre Street N.          | G. Pernell  |
| McLeod Trail              | M. Boskett  |
| Edmonton                  |             |
| 118th Ave. & 81st St.     | H. Marks    |
| 159 St. & Stony Plain Rd. | R. Simpson  |
| 82nd Street               | T. Washburn |
| 10344 - 107th Street      | J. Mark     |

## Canadian Electronics

Calgary ..... R. Elliott  
Edmonton

|                             |                |
|-----------------------------|----------------|
| Electronics & Refrigeration | W. B. Christie |
| Record Division             | B. Healy       |
| Lethbridge                  | G. Gorzita     |
| Lloydminster                | R. Gardiyash   |
| Red Deer                    | B. Connally    |

## Major Appliances

Edmonton ..... R. G. Busch

## Taylor Pearson & Carson

|                          |             |
|--------------------------|-------------|
| Calgary                  |             |
| 4519 - 12th Street N.E.  | H. Clark    |
| 4340 Manhattan Road S.E. | R. Davies   |
| Machine Shop             | W. Hryciuk  |
| 516 - 16 Avenue N.W.     | T. Heath    |
| 3515 - 17th Avenue S.W.  | R. Veldhoen |
| Body Shop Supply         | A. Decosta  |
| Clareholm                | D. L. Bush  |
| Edmonton                 |             |

|                         |                 |
|-------------------------|-----------------|
| 6906 - 82nd Avenue S.E. | R. W. Slobinsky |
| 11905 - 111 Avenue      | K. J. Kiraly    |
| 11809 - 66 Street       | J. Molofy       |
| 16720 - 111 Avenue      | J. Schatzkoske  |
| 7003 - 104 Street       | D. Bodinsky     |
| Machine Shop            | L. Ginther      |

|           |          |
|-----------|----------|
| Innisfail | R. Lentz |
| Red Deer  | W. Read  |

## Westair Sales

Calgary ..... S. E. Loucks

## Western Warehouse Distributors

Calgary ..... R. Davies  
Edmonton ..... K. J. Kiraly

## Westward Power Equipment

Edmonton ..... E. H. Martin



## SASKATCHEWAN

### Acklands

|            |             |
|------------|-------------|
| Assiniboia | B. Thompson |
| Biggar     | G. Therrien |
| Canora     | H. Snidanko |
| Westlock   | M. Geiger   |
| Whitecourt |             |

|                               |              |
|-------------------------------|--------------|
| Estevan                       | P. Pfeifer   |
| Hudson Bay                    | G. Tourand   |
| Humboldt                      | D. Westgard  |
| Kindersley                    | G. Beamish   |
| Lanigan                       | J. Schatz    |
| Meadow Lake                   | A. Dodge     |
| Melfort                       | S. Bartlette |
| Moose Jaw                     | T. Dobson    |
| Moosomin                      | L. Tomlinson |
| Nipawin                       | G. Collinge  |
| North Battleford              | D. Sparrow   |
| Outlook                       | L. Strouts   |
| Prince Albert                 | M. Blanch    |
| Regina                        |              |
| 611 Dewdney Avenue            | G. Ewen      |
| 1101 Scarth Street            | H. Zirk      |
| Body Shop Supply              | N. Bobowski  |
| Rosetown                      | D. Forrest   |
| Saskatoon                     |              |
| 102 Ave. D. South             | J. Behrens   |
| 1002 Ewart Avenue             | M. West      |
| 1402 Quebec Avenue            | K. Javens    |
| Welding Specialty Sales       | C. Reinelt   |
| Automotive Specialty Sales    | B. Cowan     |
| Equipment Centre              | J. Duerr     |
| Swift Current                 | G. Herbert   |
| Tisdale                       | F. Murray    |
| Unity                         | B. Schafer   |
| Weyburn                       | B. Freistadt |
| Yorkton                       | R. Baker     |
| Acklands Industrial           |              |
| Regina                        | B. Taylor    |
| Ashdown's                     |              |
| Moose Jaw                     | L. Temple    |
| Action Muffler                |              |
| Saskatoon                     | T. Tisnic    |
| Britannia Automotive Products |              |
| Regina                        | H. Zirk      |
| Saskatoon                     | R. Migneault |
| Powertown                     |              |
| Prince Albert                 | L. Harder    |
| Westair Sales                 |              |
| Regina                        | G. Foley     |
| Saskatoon                     | A. Mario     |
| Western Automotive Rebuilders |              |
| Saskatoon                     | L. Utigard   |
| Western Warhouse Distributors |              |
| Regina                        | H. Zirk      |
| Saskatoon                     | R. Migneault |



## MANITOBA

|                    |                 |
|--------------------|-----------------|
| Acklands           |                 |
| Brandon            |                 |
| 1212 - 18th Street | O. Reiffenstein |

|                                |               |
|--------------------------------|---------------|
| Automotive, 609 Pacific Ave.   | B. Davis      |
| Body Shop Supply               | M. Repin      |
| Dauphin                        | B. Smigelski  |
| Flin Flon                      | V. James      |
| Killarney                      | B. Cadoreth   |
| Leaf Rapids                    | R. Woods      |
| Melita                         | J. Gill       |
| Lynn Lake                      | S. Leblanc    |
| Neepawa                        | N. Hasiuk     |
| Selkirk                        | R. Dupasquier |
| The Pas                        | E. Dickson    |
| Thompson                       | L. Sealy      |
| Transcona                      | D. Rondeau    |
| Virden                         | D. Heaman     |
| Winnipeg                       |               |
| 125 Higgins Avenue             | R. James      |
| 745 Bradford Street            | A. LeBleu     |
| Body Shop Supply               | R. Cote       |
| Machine Tool Division          | J. Madigan    |
| Britannia Automotive Products  |               |
| Winnipeg                       | J. Johnson    |
| Canadian Electronics           |               |
| Winnipeg                       |               |
| 347 William Ave.               | J. Schemback  |
| 1747 Portage Ave.              | I. Applebaum  |
| Dominion Electric              |               |
| Winnipeg                       | E. Tackaberry |
| Gillis & Warren                |               |
| Altona                         | D. Heppner    |
| Dauphin                        | N. Prokopchuk |
| Fort Garry                     | W. Freres     |
| Portage la Prairie             | P. Fidelak    |
| St. Boniface                   | G. Rajotte    |
| St. James                      | L. Kun        |
| Swan River                     | G. Cowan      |
| Winnipeg                       |               |
| 1340 Sargent Avenue            | G. Black      |
| Machine Shop                   | J. Barnett    |
| 410 McGregor                   | T. Lloyd      |
| Winkler                        | J. Kauenhofen |
| H. C. Paul Limited             |               |
| Winnipeg                       | H. C. Paul    |
| Mackie Data                    |               |
| Winnipeg                       | J. Darlington |
| Major Appliances               |               |
| Winnipeg                       | C. Smith      |
| Mc & Mc Metal Services         |               |
| Winnipeg                       | P. Worster    |
| Powertown                      |               |
| Lynn Lake                      | G. Davey      |
| Winnipeg                       | J. Haas       |
| Westair Sales                  |               |
| Winnipeg                       | P. Kohlmeier  |
| Western Warehouse Distributors |               |
| Winnipeg                       | D. Mitchell   |
| Westward Distributors          |               |
| Winnipeg                       | B. Thomas     |



## ONTARIO

### Acklands

|                       |               |
|-----------------------|---------------|
| Brantford             | F. Mundell    |
| Cambridge             | R. Wheeler    |
| Dryden                |               |
| King & Earl           | P. Collins    |
| 119 Colonization Ave. | V. Skillen    |
| Fort Frances          | J. Cooper     |
| Hamilton              | N. Jefferson  |
| Kenora                | J. Brinkhurst |
| Kirkland Lake         | D. Langley    |
| Kitchener             | M. Strauss    |
| London                | T. Matheson   |
| Manitowadge           | R. Mihiuk     |
| Milton                | D. Livesey    |
| Mississauga           | W. Jarvis     |
| New Liskeard          | D. K. McNair  |
| Sarnia                | S. McLeod     |
| Sault Ste. Marie      | L. Hannah     |
| St. Catharines        | K. Flake      |
| Sudbury               | D. Timchuk    |
| Thunder Bay           | S. Lawrence   |
| Timmins               | L. Luxmore    |
| Toronto               |               |
| 27 Fima Cres.         | L. Regan      |
| 84 Vulcan Dr.         | A. Kozma      |
| Welland               | P. Cassidy    |

### Auto Service & Supply

|               |            |
|---------------|------------|
| Burlington    | L. Hall    |
| East Hamilton | R. Mallard |
| Hamilton      | H. Dell    |

### Bert's Auto Supply

|                  |             |
|------------------|-------------|
| Blind River      | L. Brisbois |
| Sault Ste. Marie | B. McMullin |
| Wawa             | A. Sauve    |

### Britannia Automotive Products

|         |            |
|---------|------------|
| Toronto | H. Hennick |
|---------|------------|

### Canfast Company

|              |              |
|--------------|--------------|
| Ottawa       | O. Betournay |
| Peterborough | D. Rawlings  |
| Rexdale      | W. Hand      |
| Scarborough  | J. Wylie     |

### Gillis & Warren

|             |         |
|-------------|---------|
| Thunder Bay | A. Hope |
|-------------|---------|

### Leisure Products Division

|          |         |
|----------|---------|
| Hamilton | T. Nacu |
|----------|---------|

### Marshall-Ecclestone

|         |         |
|---------|---------|
| Timmins | E. Kent |
|---------|---------|

### Mines Assay Supplies

|               |         |
|---------------|---------|
| Kirkland Lake | G. Ryan |
|---------------|---------|

### Moto-Rite

|          |                  |
|----------|------------------|
| Downsvie | D. B. Greenspoon |
|----------|------------------|

### National Brake & Clutch Service

|        |           |
|--------|-----------|
| Ottawa | D. Lepage |
|--------|-----------|

|                    |           |
|--------------------|-----------|
| 1050 Somerset Ave. | K. Mirsky |
| Perth              | D. Shaw   |
| Prescott           | L. Murray |

### Queensbury Automotive

|            |             |
|------------|-------------|
| Toronto    |             |
| Willowdale | L. Parno    |
| Downsvie   | W. Stephens |

### Regent Automotive Products

|         |           |
|---------|-----------|
| Toronto | M. Biback |
|---------|-----------|

### Specified Automotive

|         |          |
|---------|----------|
| Toronto | S. Marek |
|---------|----------|

### Tradeway

|         |          |
|---------|----------|
| Toronto | B. Roper |
|---------|----------|

### Unapco (Sudbury)

|         |               |
|---------|---------------|
| Sudbury | J. G. Livesey |
|---------|---------------|

### Union Tool and Machine

|                       |             |
|-----------------------|-------------|
| Toronto               | S. Levy     |
| Machine Tool Division | R. Kingston |

### Western Warehouse Distributors

|             |         |
|-------------|---------|
| Thunder Bay | A. Hope |
|-------------|---------|

### Westward Distributors

|         |         |
|---------|---------|
| Toronto | C. Code |
|---------|---------|



## QUEBEC

### Acklands

|         |                |
|---------|----------------|
| Amos    | G. Bellehumeur |
| LaSarre | F. Cossette    |

|              |                |
|--------------|----------------|
| LaTigue      | G. Vaillancour |
| Lorrainville | J. P. Gironne  |

|          |               |
|----------|---------------|
| Matagami | D. Morissette |
| Montreal | D. Langton    |

|                  |             |
|------------------|-------------|
| Body Shop Supply | M. Granger  |
| Rouyn            | G. Baribeau |

|                  |             |
|------------------|-------------|
| Welding Division | G. Baribeau |
| Shawinigan       | M. Gelinas  |

|                |                   |
|----------------|-------------------|
| Trois Rivieres | L. P. Chamberland |
| Val D'Or       | J. Tomlin         |

|                       |           |
|-----------------------|-----------|
| 400 Centrale          | K. Burke  |
| 1336 Harricana Avenue | J. Tomlin |

### National Brake & Clutch Service

|          |            |
|----------|------------|
| Gatineau | J. Lacroix |
|----------|------------|

### Western Warehouse Distributors

|          |            |
|----------|------------|
| Montreal | D. Langton |
|----------|------------|

### Westward Distributors

|          |          |
|----------|----------|
| Montreal | R. Leger |
|----------|----------|

## UNITED STATES

|                                     |                  |
|-------------------------------------|------------------|
| Peerless International Incorporated |                  |
| Atlanta, Georgia                    | R. W. Wickersham |

O. D. McMillan  
Lieutenant-Governor.

"L.S."

# Corporate Profile Acklands Limited

Canada:

Province of Manitoba.

Edward the Seventh, by the Grace of God, of the United Kingdom of Great Britain and Ireland, and of the British Dominions beyond the Seas, King, Defender of the Faith, Emperor of India.

To all to whom these presents shall come—GREETING:

WHEREAS, under and by virtue of "THE MANITOBA JOINT STOCK COMPANIES ACT," the Lieutenant-Governor in Council may by Letters Patent, under the Great Seal of the Province, grant a Charter of Incorporation to any number of persons, not less than five, who shall petition therefor, constituting such persons, and others who might become shareholders in such company, a Body Corporate and Politic for any purpose or object to which the legislative authority of the said Legislature extends, except the construction and working of railways and the business of insurance;

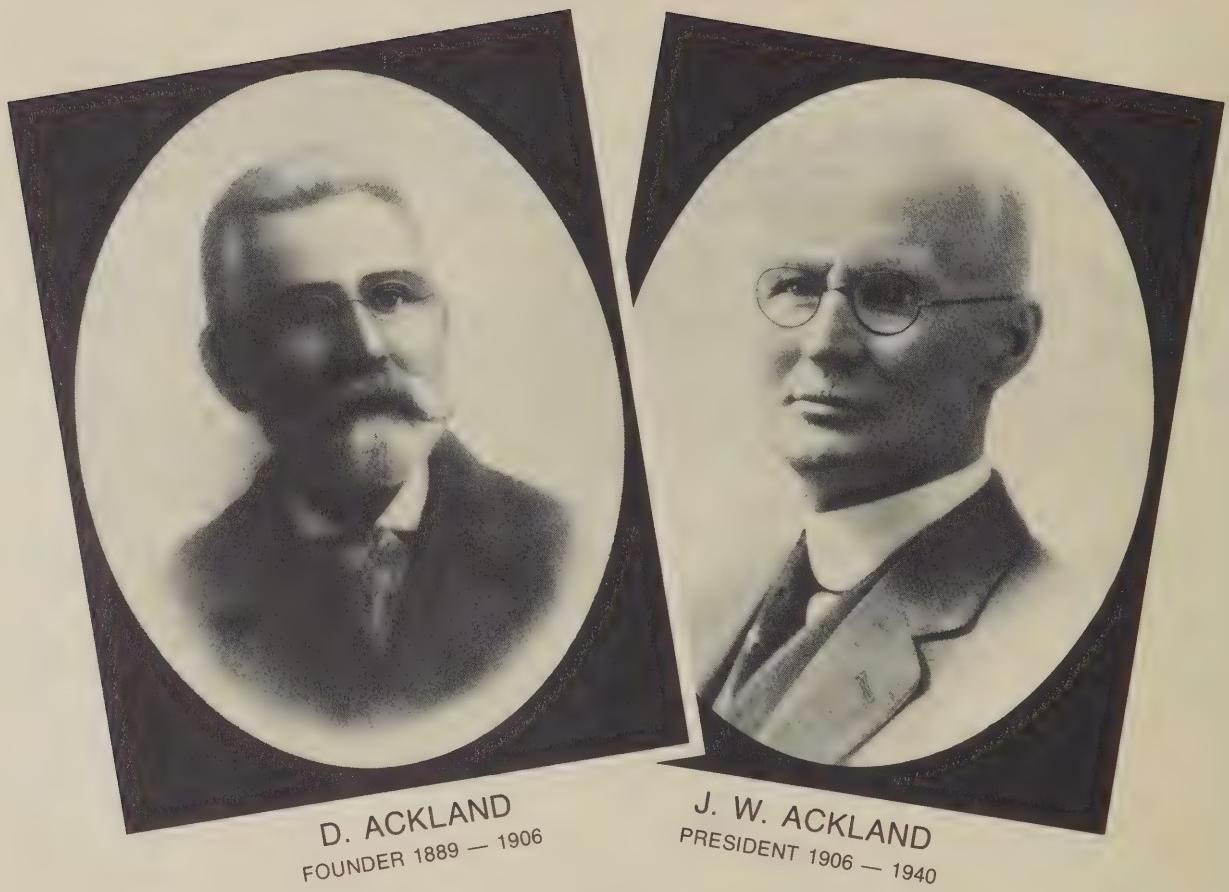
AND WHEREAS, Dudley Ackland, James William Ackland, Robert Dudley Ackland, Clifford Maxwell Ackland, manufacturers and Gilbert B. Corkle, accountant, all of the City of Winnipeg in the Province of Manitoba;

have by their petition asked to be Incorporated under the provisions of said Acts as

D. Ackland & Son Limited,

for the purpose and with the object of

manufacturing and selling carriages, wagons and sleighs, implements, plows and farm machinery of every kind and all or any <sup>parts</sup> thereof to buy, sell, export, import, deal in and manufacture all kinds of goods, wares, and merchandise to acquire, own, operate and manufacture all kinds of plant, machinery, machines, tools and implements which may be deemed in the interest of the Company or for its use; to buy, sell and deal in lumber hardware, leather goods and carriage trimming and builders supplies of every kind and nature; to carry on a general lumber business and Lumber yard; to acquire, buy and sell patents, patent rights and inventions; to purchase, acquire and take over as a going concern the business now carried on by D. Ackland & Son, or any business now or hereafter carried on by any other firm, person or corporation to act as agents for persons, firms or corporations in buying, selling or dealing in or



D. ACKLAND  
FOUNDER 1889 — 1906

J. W. ACKLAND  
PRESIDENT 1906 — 1940

## Cover

Face of the letters patent of Incorporation  
granted to D. Ackland & Son:  
Dated November 27, 1905

## Opposite

A letter which accompanied  
a Garage Equipment Catalogue  
from J. W. Ackland, briefly  
describing the company's early history.

# D. Ackland & Son, Limited.



PRESIDENT  
J. W. ACKLAND

GENERAL MANAGER  
C. M. ACKLAND

AUTOMOTIVE DEPARTMENT  
R. P. ACKLAND

HARDWARE DEPARTMENT  
E. N. DACK

WOOD GOODS DEPARTMENT  
W. WARREN

WAREHOUSE MANAGER  
F. C. BRYAN

FACTORY SUPERINTENDENT  
F. O. STOREY

CALGARY OFFICE  
MANAGER  
A. M. DIXON

AUTOMOTIVE DEPARTMENT  
W. A. STEEL

WINNIPEG, CANADA

July, 1937

OFFICE MANAGER  
L. THOMPSON

CREDIT MANAGER  
C. B. CORKE,

J. G. NEWMAN, CASHIER

WINNIPEG SALESMEN  
W. K. CHERRY, A. R. SCOTT  
H. E. MOORE, W. JAMES

MANITOBA  
J. FLEMING, H. A. BANNER  
C. DUNBAR

SASKATCHEWAN  
J. SIMPSON, M. H. WELSH

ALBERTA AND B.C.  
A. STEPHENS, T. TURNER  
R. E. PERKINS  
M. G. GRAHAM

EDMONTON,  
W. S. BATE

## TO THE TRADE

D. Ackland & Son, Limited were the pioneers in supplying the necessary materials to keep traffic moving on the highways of the West.

FIRST, in 1889 we manufactured all types of vehicle wood goods and were able to establish prices to eliminate Eastern manufacturers.

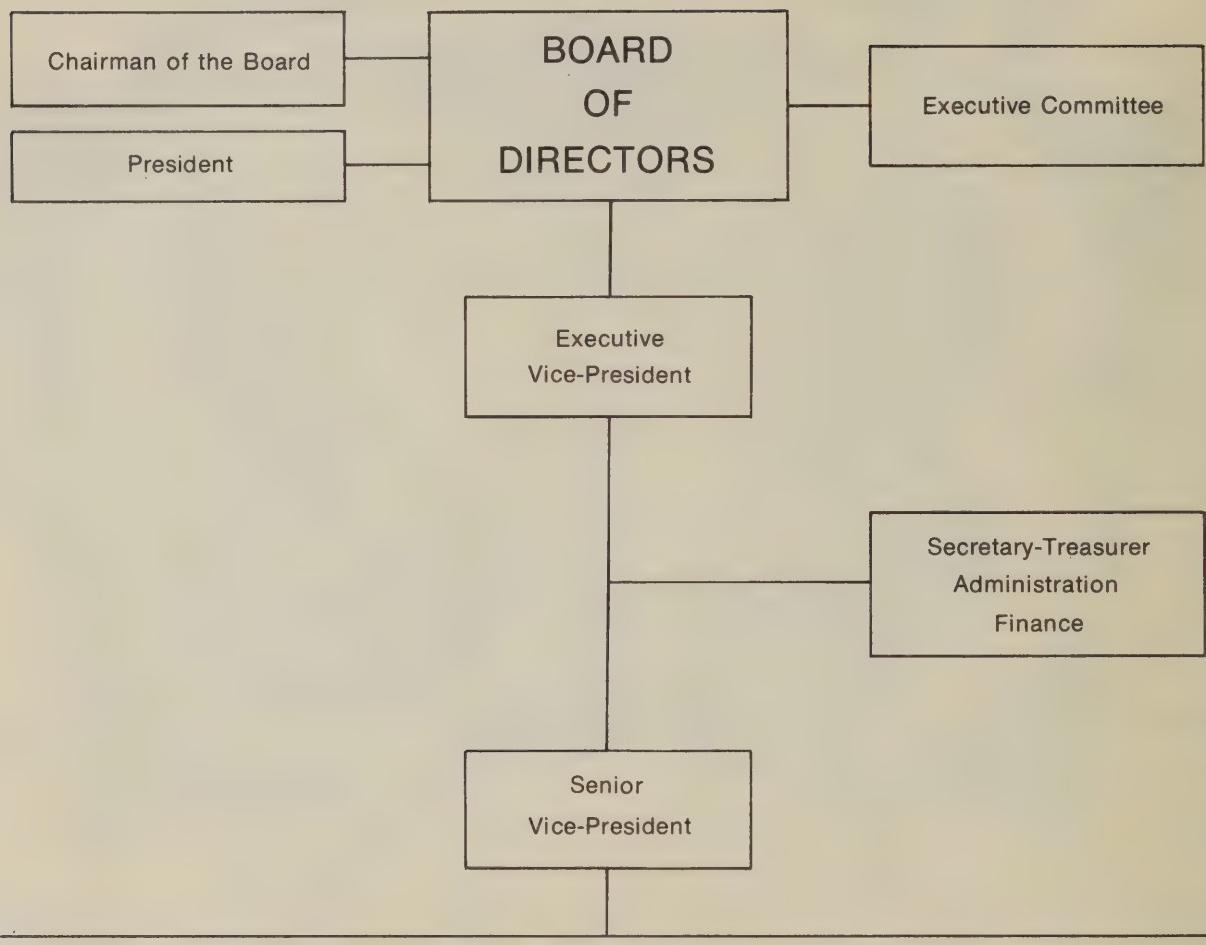
SECOND, in 1906 we added heavy hardware and were able to save the trade high freight rates and delay in receiving their goods.

THIRD, the advent of the automobile made it necessary to add, in 1919, replacement parts and accessories to keep pace with changing conditions. Later we added garage equipment, of which we carry a carefully selected line which has met with approval of the trade. In equipment it pays to buy the best.

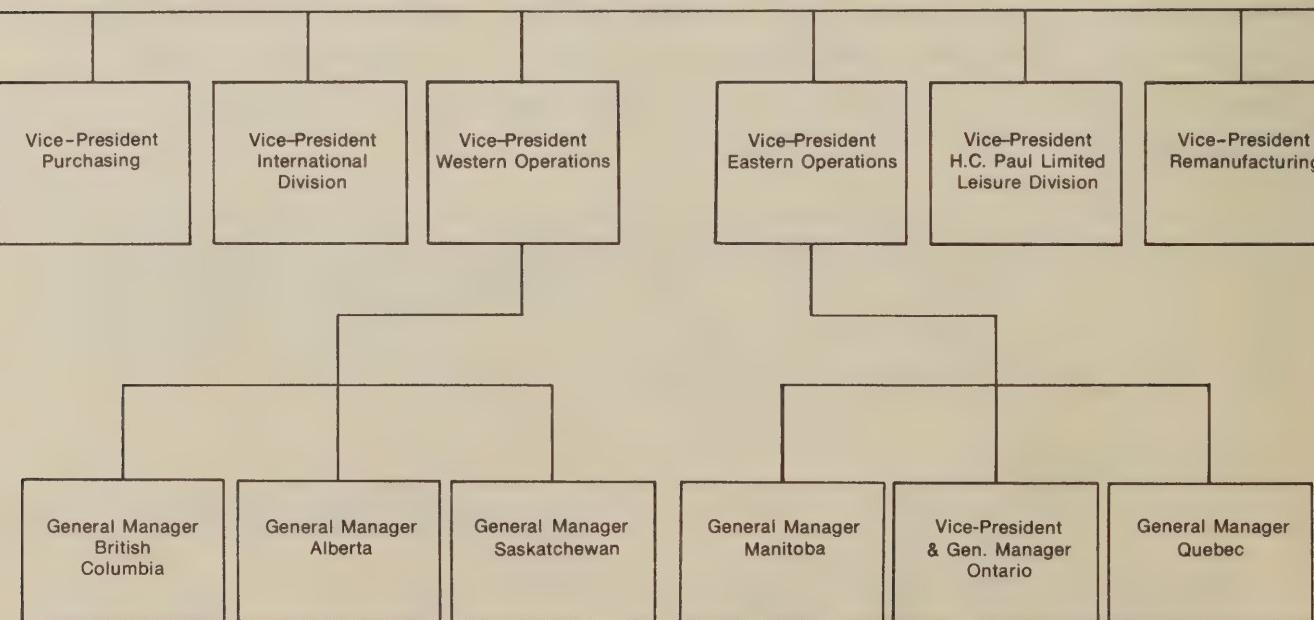
We take this opportunity to express to our many friends in the trade our sincere thanks for the confidence you have placed in us by allowing us to take care of your requirements. It has always been our earnest desire to service the trade with prompt service and high grade replacement parts and equipment.

President

# Corporate Structure



## OPERATIONS



# **Forward**

*The text for this report on the varied and widespread activities of Acklands Limited was prepared by financial and business writer Frank Kaplan. Mr. Kaplan travelled across Canada to see, study and discuss the many facets of Acklands' merchandising organization.*

# Acklands Limited

## The Vital Link

### The Company

Acklands Limited is an essential link in the lengthy business chain bringing together the manufacturer of a product and the person using that product.

In Canada, a nation of vast territorial expanse, a distribution organization with the special characteristics of Acklands is an inevitable development to meet basic needs.

Engaged in Canada-wide wholesale merchandising, Acklands can be described as a finished goods warehouse for manufacturers' products.

Goods must be ordered, stored, shipped and re-ordered. Demand must be interpreted for manufacturers. Retailers must have immediate access to additional inventory. New products need instant distribution schemes so they can be introduced to a market broad enough to sustain them. And business consumers need to know that product is always readily available.

These are the services supplied by Acklands. Expressed simply, Acklands sees to it that the right product is in the right place at the right time.

Acklands is many things to many people. Joined under the eighty-six year old Acklands name are more than 40 other companies, one of them dating back one hundred and fifteen years.

Possibly the best way to describe Acklands is in its role in the Canadian economy.

Total sales of the Acklands companies are running at approximately \$220-million annually. This sales volume is almost totally at the wholesale level. Therefore, the goods funnelled through the Acklands organization, if valued at retail, would be worth something in the order of \$300 to \$325-million. In so fragmented a business area, this is indeed a substantial portion of annual retail Canadian trade.

Acklands must be classed as a major Canadian company.

Acklands is also people. The 3,000 men and women at Acklands each account for \$74,000 of sales annually. An



# ACKLANDS

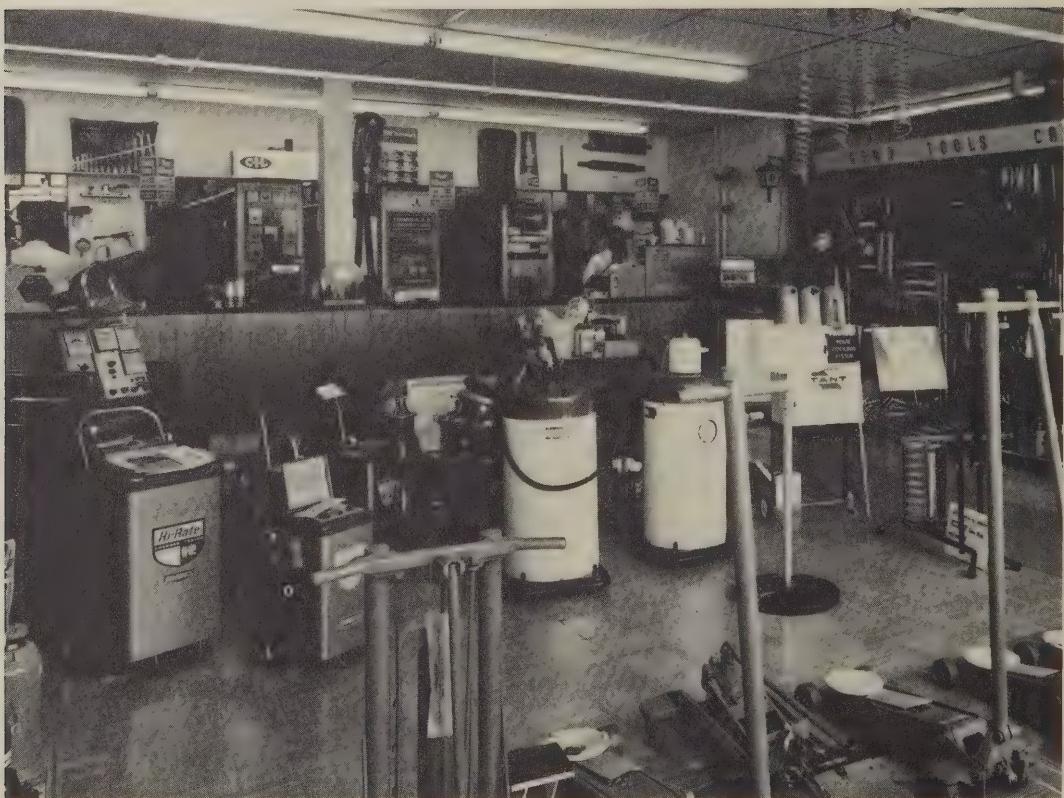
AUTOMOTIVE • INDUSTRIAL • MILL SUPPLIES

ACKLANDS LIMITED



awareness of this simple statistical calculation is the core of Acklands' management technique. In a merchandising organization like Acklands, sales volume per man is the basic operating yardstick. As long as a targeted sales volume per man is achieved (the target being based on practical experience), it then is management's concern to manage profitably the difference between careful buying practices and meeting-the-market selling prices. More than half of Acklands employees are directly involved with making a sale. This includes branch managers, territory salesmen, order desk personnel and countermen.

Acklands and most of its subsidiaries began in western Canada. The strength of the agricultural and resource oriented economy of western Canada has resulted in rapid growth in business and profitability for Acklands. Even today, after a period of major expansion in the more densely populated central and eastern Canada, the majority of the company's business is still concentrated in the west, where it is a dominant force in merchandising-distribution.



## Profitable Growth

Acklands is an example of a company that has used the financial support of the general investing public wisely. Although Acklands can trace its beginning back to 1889, and to incorporation on November 27, 1905, the major growth drive that resulted in the Acklands of today started in 1965, less than ten years ago and only three years after Acklands' first sale of shares to the public.

Nearly every field of business enterprise appears somewhere in the Acklands organization of today — manufacturing, warehousing, wholesaling, trucking, machine shop services, retailing, data processing, importing, leasing, and financing. Every segment of the organization is a profit centre.

Acklands can be compared to the giant Japanese trading companies. The origin of these unique Japanese corporations is much similar to Acklands. They too grew out of applying the simple idea of bringing together buyer and seller, as did the European trading companies which pioneered in the colonies of European nations. To all these trading organizations, profit must be made out of

the difference between the buying and the selling prices of goods.

Acklands has developed an enormous range of product lines. The company's warehouses contain the products of more than 9,000 manufacturers and inventories include over 100,000 different items. Product diversity is matched by geographical reach. More than 270 different locations, covering three million square feet of operating floor space — both owned and leased — are presently maintained in 153 towns and cities in Canada.

The company's business is inextricably linked to the Canadian economy and it seeks to serve virtually the whole of Canada. The consumer rarely is aware of Acklands. But to business and industry, the company provides an essential service.

Without Acklands, the retailer would have to know individual manufacturers and deal with each directly. Similarly, the manufacturer would be forced to deal individually with thousands of outlets. The expense of not having an Acklands style organization would be simply too great for business and industry to carry. Acklands provides service at a better price than would otherwise be possible.



## Growing up with Canada

Canada is a very young nation. A company with an eighty-six year old history is considered something of a pioneer.

The earliest days of the company made it a part of the efforts of those who opened up the Canadian West. Where rail lines were being pushed across the prairies and over the western mountains, where sod busters were breaking the ground for today's vast wheatfields, where townspeople struggled to build homes, roads and factories — Acklands was on the scene, always among the first.

In more modern times, Acklands continues to pioneer through the development of the western oil and gas fields, in the development of the wealth of the hard rock mining country, in the push into the far northwest; wherever new towns are being created, an Acklands base appears. In northern Ontario and Quebec, Acklands is there with mining, forest and power developments. To participate in the development of the Athabasca Tar Sands, Acklands has already acquired branch sites in anticipation of what promises to be one of the great resource development efforts in Canadian history. Along the MacKenzie River Valley and Arctic Ocean, Acklands is there to help service oil and gas exploration.



## Quality and Service

Fast service and high quality merchandise are basic principles in Acklands' heritage. Acklands has more than 75,000 customers in business and industry. These customers set the standards Acklands lives by.

Merchandising organizations are a normal part of everyday life, but what makes Acklands different from the norm is the company's concentration on selling to business. Only a minor part of the company's sales are done directly with the broad public. By constantly keeping in mind the importance of servicing industry and through a policy of expending energy and effort only on products which meet the high requirements of industry, Acklands has grown and prospered.

The mechanic who uses a hand wrench insists on good quality steel. The service manager demands a well designed tire changer. And the farmer needs parts for his tractor that won't fail him at harvest time.

The list of products that demand quality standards of manufacture and performance is endless. Speed of delivery is often just as important as product quality. Businessmen can't afford to have expensive capital equipment sitting idle. Acklands responds to this kind of pressure. Even in remote locations, Acklands will almost always provide delivery of a needed piece of equipment within 24 hours, assuming the local Acklands outlet does not have it on hand. In major metropolitan centres, so smooth functioning is the Acklands' distribution network that the needed product is available in hours.

## Growing Eastward

Acklands' regional organization has evolved out of the realities of Canadian geography. The operating regions are structured along provincial lines, but not exactly so. The governing factor is one of reach from a supplying warehouse.

Taking accessibility into account, southern Alberta serves southeastern British Columbia. Edmonton is the base for northern Alberta and the North West

Territories. Winnipeg handles northwestern Ontario. More recently, further refinement of the organization's structure has brought the Ottawa Valley under the wing of the Montreal-based Quebec operations.

Acklands' operating regions follow the logic of where people work and live — of how goods flow best in a country where the giant mountains of British Columbia split off the booming Pacific coast; where the Alaska pan handle cuts off the far northwestern regions from the Pacific; where the Laurentian Shield is an obstacle covering a third of the Canadian land mass; where severe winters and intense summer heat add to the problems of moving people and goods.

Each distribution area tends to function independently. Some areas will distribute certain brand name manufactured products while other areas may market competing products.

Some of Acklands' recent developments reflect the logic of Canada's economy. The Montreal Quebec base is expanding rapidly to serve an ever growing market area.

Southern Ontario has also become a prime business target within the past few years, with the stress placed on the automotive aftermarket and expansion through acquisition.

The attractiveness of Ontario and Quebec is obvious. If Acklands can achieve the same business penetration it now has in western Canada, annual sales volume in Ontario alone could easily equal the sales of Acklands today. No bases have yet been established in the Maritimes, but this is a logical extension to Acklands' ambitious expansion program in Ontario and Quebec.

Another obvious area for expansion is the U.S. market. Acklands now has a small U.S. base, Peerless International Incorporated in Atlanta, Georgia. Administered by the International Division, this company is an importer of hand tools. Peerless is a foothold in the U.S. market. Acklands' growing business in Ontario could be used as a natural base for expansion into the upper eastern United States.

## Managing for Profits

Management at all levels is most effective when it is accountable for its decisions. Acklands recognizes this fact. The company has implemented the profit centre method of evaluation so that each individual manager's performance can be evaluated and rewarded. The regional nature of Acklands' operations also provides considerable day to day scope for middle management decision making.

At the same time, the economies of scale inherent in a large distribution and buying operation must be preserved. Although operating decisions are decentralized, Acklands is highly centralized for purchasing and merchandising, inventory and credit control and capital expenditure decisions.

A company handling as many different products with sales as large as Acklands also needs a sophisticated system of management. Acklands has such a system of evaluation and control. Effective control procedures have enabled Acklands to grow rapidly and remain profitable at the same time. Senior management closely monitors the performance of all branches and warehouses. Both a monthly profit and loss statement and an inventory position statement are prepared for each branch and submitted to head office within three weeks after the close of each month.

In addition, the company maintains an internal audit department. Members of this department call on each branch at least twice a year to complete a detailed report. The audit questionnaire is extensive; each requires 98 individual responses covering 11 different areas of operations, from finance to security.

The Company's management system also includes an inventory control group. This group maintains constant contact with warehouse and branch managers to ensure that satisfactory inventory turnover is achieved, that adequate levels of inventories are carried and that they contain the optimum product mix. The inventory control group also supervises a physical inventory count at least once a year and more often if the inventory position of a particular operation is ques-

tionalable. As an added measure of control, management is in the process of introducing a decentralized computer system to monitor inventories at principal warehouses throughout the country. This system is already in operation in the Quebec region.

Finally, invoice costing departments calculate gross margins for branch operations on a continuing basis. The objective is to make certain budgeted gross margins are being maintained. Any deviations are quickly noted, adjustments made, and corrective action taken.

Credit decisions are determined by the credit department of the region in which the sale occurs. The head of each regional credit department reports to the general credit manager located in Winnipeg. Applications for credit and terms for dealers and other customers must be submitted to the regional credit department for approval.

There are many other management techniques used at Acklands to improve profitability. Even the flow of paper is evaluated regularly, to make sure valuable selling time isn't lost in administration. These are the skills that come with experience. The top dozen Acklands executives have an average 25 years in the distribution business. Yet the average age is only 48, still young enough to experiment and learn.

## Buying Right

To obtain the most favourable terms possible, all purchasing and merchandising activities are directed from the company's executive office in Toronto.

Veterans of the merchandising-distribution business often remark that a successful operation is more a matter of buying than selling. "Buying right" is a generalization, but it carries important meaning. You know when you've done it and you certainly know when you haven't.

Goods must be ordered far enough ahead to be at the warehouse and branch outlet when needed. Some products are seasonal, further complicating the timing of purchase, delivery, storage

and payment. The rate of turnover has to be watched carefully. About 15% of product lines have a turnover of ten to twelve times annually, so their flow from manufacturer to end customer is smooth and even. But the remaining 85% must be warehoused for longer periods of time if a customer is to be assured of supply. Maintaining an optimum level of inventory for these products saves money.

The purchasing department constantly surveys the managers of Acklands' warehouse operations to determine their requirements. Buying plans are then formulated, taking maximum advantage of quantity buying, discounts, car-load shipments and other nuances that improve the competitiveness of a

product. Generally, the emphasis is on quality rather than price. End users are largely businesses more concerned with getting a dependable and reliable item than a quick, short term saving.

One of the most important purchasing activities is sifting through the thousands of new manufactured products which come to the market each year. The decision to buy depends upon the reaction of the local branch managers. Their on the spot knowledge of markets determines whether a new product will or will not be added on a national or regional basis.

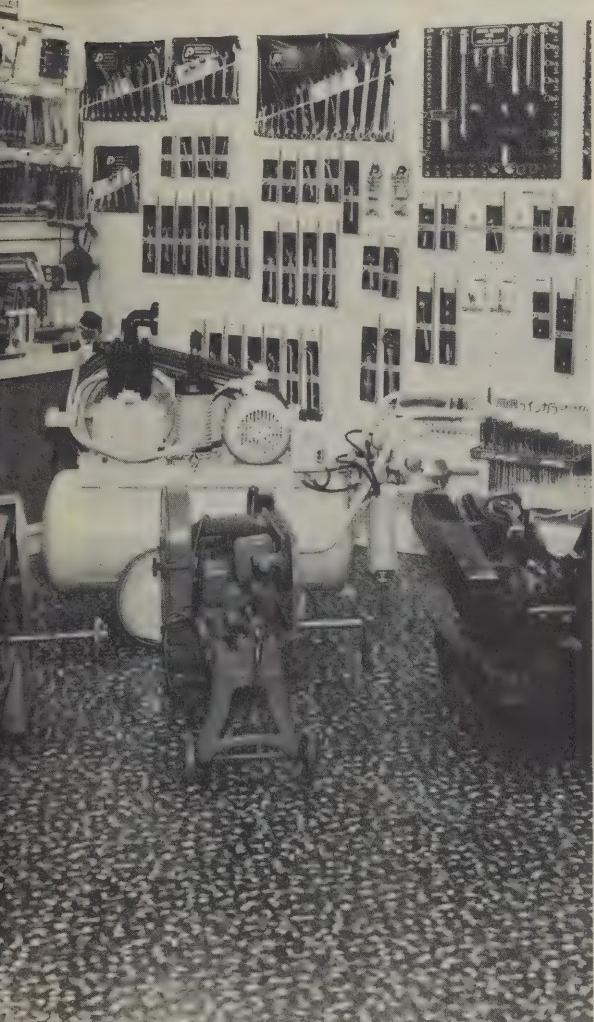
The purchasing department deals directly with manufacturers all over the world. The fact that Acklands can give instant access to the Canadian market is an important bargaining card.

The impact of the terms negotiated by Acklands is best understood when it is realized that all operating costs and the remaining profits must come out of the difference between the price paid manufacturers and the price received from customers. The more efficient the buying, merchandising and administration, the better the financial health of Acklands and all its employees and shareholders.

## Product Groups

Acklands carries brand name products made by companies with worldwide reputations. Some of these companies have appointed Acklands, or one of its subsidiaries, as the organization exclusively responsible for the merchandising-distribution and servicing of their product. Acklands has many of these exclusive territorial franchises — some covering all Canada, others concentrated in one or two provinces. Well-known brand names distributed by Acklands include Honda motorcycles, Zenith televisions, Mercury inboard and outboard motors and Toro lawn and garden care equipment.

Acklands breaks down the distribution process into three broad product groups — Automotive and Industrial, Home Entertainment and Electronics, and Leisure.



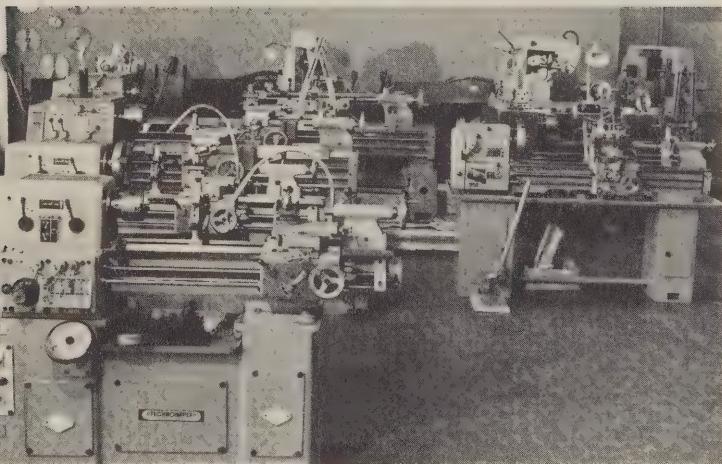


## Automotive and Industrial Product Group

Automotive and Industrial is the spine of the organization. A large percentage of the sales volume in this product group is to industry. Products sold include a wide variety of industrial supplies and equipment as well as auto parts and accessories for truck fleets, farm machinery, construction equipment, marine craft and all types of off-road vehicles.

This group's other major market is the automotive aftermarket trade. The distribution chain starts with the manufacturer, passes through Acklands warehouse distribution centres and out to independent jobbers, associated outlets, product line jobbers and to the company's own wholesale jobbing branch network. Jobbers then supply the corner service station, retail specialty and general repair shops and the mass merchandiser. These outlets in turn serve the general public.

Sales of automotive replacement parts are growing rapidly both by internal expansion and acquisition. The au-



tomotive aftermarket has major growth potential and is the company's best profit-maker per dollar of sales.

The prime customers for replacement parts are vehicles three to ten years old. The market for automotive parts in Canada is estimated to be in the area of four billion dollars at the wholesale level annually.

The auto parts aftermarket depends upon the new car industry for its long term growth. But aftermarket sales have demonstrated stability and strength during economic recession, unlike new car sales. Automobile and truck owners need more parts and repairs to maintain operating efficiency when they keep their vehicles for longer periods.

Acklands distributes parts for all kinds of engines — snowmobiles, marine engines, tractors, power saws and motor-cycles. All enjoy growing use. They require spark plugs; filters, starters, generators and thousands of other parts.

The automotive aftermarket is both fragmented and complex. In Metropoli-

tan Toronto alone there are as many as 300 independent wholesale jobbers. Acklands has recognized and taken advantage of the opportunities to rationalize this highly fragmented industry by weaving together an efficient and integrated network of wholly-owned and associated independent jobbers.

The automotive and industrial product group includes the largest car, light truck and industrial engine rebuilder in Canada, Western Automotive Rebuilders, operating from a Saskatoon base. This plant is expanding with the demand for rebuilt automotive engines, brake shoes and clutches. It is considered one of the most up-to-date of its kind in North America and is rebuilding 50-55 engines daily.

W.A.R., as it is sometimes referred to, is typical of how manufactured goods are merchandised and distributed by Acklands. About a third of its volume is sold through the Acklands chain of warehouses, branches and associate outlets. Another third reaches au-



tomobile owners through companies independent of Acklands, such as automotive warehouse distributors. The remaining third is sold to national accounts such as the large retail chains.

The remanufacturing division is complemented by some 60 Acklands-owned machine shops providing custom rebuilt service to Acklands' dealers and industrial customers. Also, Specified Automotive Ltd., an Acklands subsidiary located in Ontario, rebuilds automotive electrical components and water pumps for the company's jobber network.

Westward Distributors, the international arm of Acklands, is part of the Automotive and Industrial product grouping. Initially, its purpose was to purchase tools and parts made in Japan for the Canadian market. Today, this Division imports products from around the world as an exclusive Canadian distributor. Westward supplies the needs of Acklands' own warehouses and branches, sells to other wholesale distributors and to national retail chains.

One seemingly minor business arm, something of a one-man affair tucked in a corner of the main importing office, illustrates the pervasive, behind-the-scenes nature of the Acklands distribution network. The most mundane items are funnelled through "Tradeway", a warehouse distributor for plumbing and related household items. These include rubber plugs for sink drains, plastic

weather stripping, toilet plungers, carpet protectors and hundreds of other everyday taken-for-granted goods. Once again, Acklands is in the middle, providing Canada-wide distribution for the manufacturer and making these goods available at the wholesale level in the distribution chain leading to the consumer.

The Automotive and Industrial product group also takes in all types of automotive equipment, commercial refrigeration, welding supplies and equipment, equipment rentals and precision machine tools and mill supplies. These products make a substantial contribution to the success of this product group and enable Acklands to render one stop service to industry.

## Home Entertainment and Electronics Product Group

Home Entertainment and Electronics generates about 15% of Acklands' sales volume. Internationally known brand names in television and stereo equipment are in this category. Acklands also markets its own home entertainment systems under the "Actron" label. Included in this product group are records and pre-recorded tapes which are distributed in Western Canada under established exclusive distribution arrangements with leading recording companies.

Each major product line has its own warehouse staff and distribution network of independent merchants, carefully chosen to reach the broadest possible buying public. Acklands, as the warehouse distributor, backs up the retailer with the kind of service the manufacturer feels is necessary — availability of product, service in meeting warranty agreements and in making repairs, inventory protection — everything that is accepted as normal by the retailer and his customer.

As far as the public is concerned, the brand name television set lives up to every promise made by the manufacturer, although that manufacturer may be thousands of miles away. And the manufacturer can rest assured that his standards of service are being met.



The operating principles of this product group are the same as other divisions in Acklands — central distribution warehouses, inventorying and shipping quickly to the retail dealer market. The sales force and management in this business are as specialized in their knowledge as their counterparts in the distribution of sophisticated machine tools.

Acklands is taking advantage of new technology. An Acklands arm, Canadian Electronics, is uncovering marketing opportunities for all types of electrical and electronic products. Following the historic pattern of serving the needs of industry, this company does the majority of its business directly with industrial customers from 12 outlets in Western Canada. Specialization is the trend for electronics and the future appears to be in warehousing and marketing items such as semi-conductors for communication equipment and computers.

## Leisure Product Group

Leisure Products is the third major product category at Acklands, account-

ing for about 15% of total sales volume. To Acklands, leisure products are higher priced items such as boats and outboard engines, snowmobiles, bicycles, motorcycles and other recreational and sporting equipment. Acklands' companies hold exclusive distribution rights in major areas for internationally known brand name manufacturers. Once again, the pattern is a specialized warehouse distributing to independent retail merchants and directly to national retailing chains.

Acklands has entered the field of retail leisure product merchandising through the Powertown store concept, another flourishing merchandising idea in the Acklands group of companies. Powertown is a retailer of all types of recreational equipment. It had its beginning in H.C. Paul Limited, Acklands' major leisure products subsidiary.

To illustrate the depth of Acklands' operations the company was instrumental in attracting manufacturing facilities for boats and bicycles in Manitoba to meet the markets developed by the H.C. Paul leisure division and its network of 1,500 dealers.



## Future Trends

Acklands is always looking for new ideas to expand services and increase sales. Three of the more promising are private brand labels, further development of the company's associate jobber program and increased experimentation in product retailing.

Acklands currently merchandises many of its own private brand labels. "Westward" brand appears on hand tools and wrenches specially made to industrial quality standards, packaged and imported from overseas for sale in Canada. Products merchandised under private label include batteries, anti-freeze and spray paint. In the development stage are numerous other items slated for private labeling.

Acklands has a program of establishing automotive wholesale jobber "associates". Although independent, these businessmen are often financed by Acklands, and their operations in many cases cannot be distinguished from one of Acklands' own branches. In return for their product purchases, Acklands provides a planned program of management and financial assistance, advertising support, inventory protection and insurance benefits.

While emphasis is at the warehouse distributor and wholesale level, some preliminary steps have also been taken towards greater retail exposure. A small chain of muffler installation shops has been acquired and expansion of these outlets is now underway under the "Action Muffler" name.

Another embryonic growth area is the "National Account" program under which Acklands warehouses automotive replacement parts for chain stores and mass merchandisers. Because of the company's vast network of warehouses and branches, it can provide immediate access and quick delivery, offering an alternative to the high cost of inventorying slower moving products. Included in this program is product obsolescence protection.

## Administration

Acklands is really many companies,

corporate styles and product lines. The task of putting it all together belongs to a small administrative organization. The administrative group is kept to a modest size because each region carries out functions which might be centralized in other companies. For example, the maintenance of price lists tends to be by region, for speed and adaptation to local competitive conditions.

The administrative group provides support facilities for inventory control, credit, financing, billing and record keeping. The emphasis is on providing the services needed by the branch system, so that local managers can put their energies into merchandising.

Head office and the main administrative facilities are in Winnipeg where the emphasis is on controls. Winnipeg is operations watch dog and manager of day-to-day cash flow management. The Toronto executive office concentrates on banking relations, acquisitions, purchasing and merchandising programs. Vancouver is also a key management centre and a base for the Senior Vice President, where emphasis is placed on improving merchandising techniques.

## Corporate Services

Mackie Data Centre, the company's Winnipeg based computer arm, compiles monthly financial information on all Acklands operations. Any profit deterioration is quickly spotted. The computer facility also processes an increasing proportion of day-to-day administration work resulting in further efficiencies. Mackie Data is also directing the gradual implementation of computerized inventory control systems. Significantly, and in line with Acklands policy, Mackie Data is a profitable venture in itself. Mackie sells computer programs and services to non-Acklands customers — programs often developed from experience within Acklands.

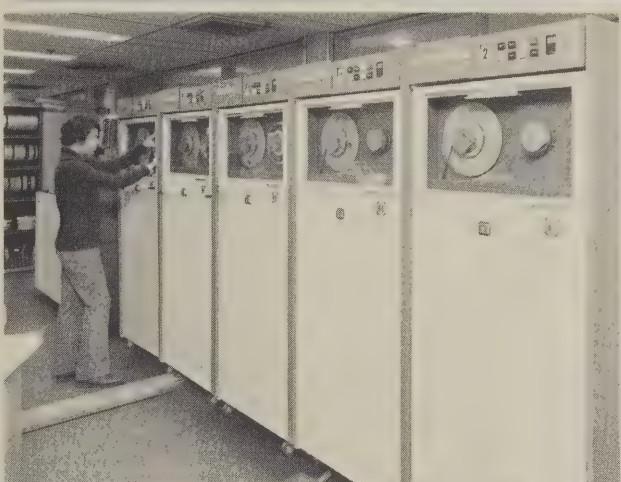
Another Acklands business, Westward Investments, is a finance company, holding chattel mortgages, debentures and other finance paper. It facilitates the financing of associate automotive jobbers and the leasing and sale of higher

priced industrial equipment. This finance company should become increasingly important with the growth of the associate automotive jobber program, the possible franchising of Powertown stores and Action Muffler installation depots and Acklands' rapidly growing market for rental of equipment and machine tools.

Acklands Leasehold Properties owns or manages 300 properties in Canada, most of them occupied by Acklands for its own operations, with the remainder leased to outside tenants. This full service property management company also handles new construction projects for the company and its subsidiaries.

## Acklands Today

This is the Acklands of today — expanding on its historic base of serving the growing western Canadian industry; moving aggressively into the eastern Canadian industrial concentrations; evolving new merchandising ideas; linking much of its future to the burgeoning automotive parts aftermarket; making forays into the world of international business; and building the management and financial strength for the Acklands of tomorrow.



# Financial and Statistical Survey

(1) Throughout this review Common Shares and Common Share Capital refer to combined common and convertible third preference shares outstanding. The third preference shares issued in 1967, were fully converted on a one for one basis into common stock in 1973.

(2) Results for the years 1970 and 1971 have been restated to retroactively reflect income tax reassessments

## analysis of sales by province

(\$ millions) year ended November 30, 1974

|                     | Automotive<br>and<br>Industrial | % of Total<br>Product<br>Group | Home Entertainement &<br>Electronics | % of Total<br>Product<br>Group | Leisure | % of Total<br>Product<br>Group | Other | % of Total<br>Product<br>Group | Total<br>Sales for<br>Province | % of Total<br>Company<br>Sales |
|---------------------|---------------------------------|--------------------------------|--------------------------------------|--------------------------------|---------|--------------------------------|-------|--------------------------------|--------------------------------|--------------------------------|
| QUEBEC              | \$ 8.2                          | 5.5                            | \$                                   |                                | \$      |                                | \$    |                                | \$ 8.2                         | 3.7                            |
| ONTARIO             | 42.9                            | 28.8                           |                                      |                                | 0.4     | 1.2                            | 1.1   | 23.4                           | 44.4                           | 20.2                           |
| MANITOBA            | 12.1                            | 8.2                            | 8.5                                  | 25.2                           | 20.1    | 60.8                           | 2.8   | 59.6                           | 43.5                           | 19.7                           |
| SASKATCHEWAN        | 20.5                            | 13.8                           |                                      |                                |         |                                | 0.8   | 17.0                           | 21.3                           | 9.7                            |
| ALBERTA             | 34.8                            | 23.3                           | 8.7                                  | 25.8                           | 2.1     | 6.3                            |       |                                | 45.6                           | 20.7                           |
| BRITISH<br>COLUMBIA | 30.4                            | 20.4                           | 16.5                                 | 49.0                           | 10.5    | 31.7                           |       |                                | 57.4                           | 26.0                           |
| TOTAL               | 148.9                           | 100                            | 33.7                                 | 100                            | 33.1    | 100                            | 4.7   | 100                            | 220.4                          | 100                            |

## analysis of sales by principal product group

(\$ millions) year ended November 30

|                                    | 1974    | %    | 1973     | %    | 1972    | %    | 1971    | %    | 1970    | %    |
|------------------------------------|---------|------|----------|------|---------|------|---------|------|---------|------|
| Automotive and Industrial          | \$148.9 | 67.6 | \$ 103.0 | 62.2 | \$ 85.2 | 59.8 | \$ 78.0 | 63.0 | \$ 77.1 | 59.6 |
| Home Entertainment and Electronics | 33.7    | 15.3 | 31.2     | 18.9 | 28.0    | 19.7 | 21.0    | 17.0 | 23.4    | 18.1 |
| Leisure                            | 33.1    | 15.0 | 21.7     | 13.1 | 16.2    | 11.4 | 11.8    | 9.5  | 10.4    | 8.0  |
| Other                              | 4.7     | 2.1  | 9.6      | 5.8  | 13.0    | 9.1  | 13.0    | 10.5 | 18.5    | 14.3 |
| TOTAL                              | 220.4   | 100  | 165.5    | 100  | 142.4   | 100  | 123.8   | 100  | 129.4   | 100  |

## consolidated balance sheet

(\$ millions) year ended November 30

|   | 1974         | 1973   | 1972   | 1971   | 1970   |
|---|--------------|--------|--------|--------|--------|
| Cash and Equivalent                       | \$ 3.2       | \$ 3.4 | \$ 2.5 | \$ 3.2 | \$ 3.5 |
| Accounts Receivable                       | <b>41.8</b>  | 29.9   | 23.7   | 20.6   | 22.0   |
| Inventories                               | <b>70.3</b>  | 46.3   | 38.8   | 34.5   | 36.0   |
| Prepaid Expenses                          | <b>0.2</b>   | 0.1    | 0.1    | 0.1    | 0.4    |
| Current Assets                            | <b>115.5</b> | 79.7   | 65.1   | 58.4   | 61.9   |
| Gross Fixed Assets                        | <b>31.4</b>  | 26.1   | 24.3   | 24.2   | 26.8   |
| Accumulated Depreciation                  | <b>11.5</b>  | 10.6   | 9.9    | 11.0   | 12.7   |
| Net Fixed Assets                          | <b>19.9</b>  | 15.5   | 14.4   | 13.2   | 14.1   |
| Investments in Affiliates                 | <b>0.7</b>   | 0.6    | 0.5    | 0.5    | 0.3    |
| Other Assets                              | <b>1.0</b>   | 0.7    | 0.9    | 0.8    | 0.7    |
| Total Assets                              | <b>137.1</b> | 96.5   | 80.9   | 72.9   | 77.0   |
|   |              |        |        |        |        |
| Principal on long-term debt currently due | <b>2.6</b>   | 2.0    | 2.6    | 1.0    | 0.6    |
| Current Liabilities                       | <b>79.7</b>  | 43.7   | 31.0   | 35.0   | 38.8   |
| Minority Interest                         | <b>0.2</b>   | 0.3    | 0.3    | 0.3    | 0.3    |
| Deferred Income Taxes                     | <b>0.5</b>   | 0.4    | 0.5    | 0.4    | 0.3    |
| Long Term Debt                            | <b>22.5</b>  | 22.7   | 24.6   | 17.2   | 18.1   |
| Preferred Share Capital                   | <b>4.4</b>   | 4.5    | 5.2    | 5.9    | 6.9    |
| Common Share Capital                      | <b>11.3</b>  | 11.3   | 11.2   | 11.2   | 11.2   |
| Retained Earnings                         | <b>18.0</b>  | 13.1   | 7.6    | 2.5    | 1.4    |
| Total Reserves                            | <b>18.5</b>  | 13.6   | 8.1    | 2.9    | 1.4    |
| Shareholders' Equity                      | <b>34.2</b>  | 29.4   | 24.5   | 20.0   | 19.5   |
|   |              |        |        |        |        |
| Common Shareholders' Equity               | <b>29.8</b>  | 24.9   | 19.3   | 14.1   | 12.6   |
| Invested Capital                          | <b>96.6</b>  | 69.0   | 59.8   | 50.1   | 55.7   |
| Working Capital                           | <b>35.8</b>  | 36.0   | 34.1   | 23.4   | 23.1   |

# consolidated statement of income

(\$ millions) year ended November 30

|  | 1974           | 1973     | 1972     | 1971    | 1970    |
|--|----------------|----------|----------|---------|---------|
| Sales  | <b>\$220.4</b> | \$ 165.5 | \$ 142.4 | \$123.8 | \$129.3 |
| Cost of Sales and Operating Expenses                         | <b>198.9</b>   | 152.2    | 132.5    | 117.8   | 128.3   |
| Operating Income   | <b>21.5</b>    | 13.3     | 9.9      | 6.0     | 1.0     |
| Depreciation   | <b>1.2</b>     | 0.9      | 0.9      | 1.1     | 0.9     |
| Loan Interest  | <b>6.3</b>     | 3.7      | 2.8      | 3.1     | 3.5     |
| Pre-tax Income From Operations                               | <b>14.0</b>    | 8.7      | 6.2      | 1.8     | (3.4)   |
| Income Taxes   | <b>7.5</b>     | 4.4      | 2.9      | 1.2     | 0.6     |
| Income Taxes — Deferred Portion                              | <b>0.15</b>    | (0.04)   | 0.08     | 0.13    | 0.08    |
| Interest of Minority Shareholders                            | <b>0.01</b>    | 0.02     | 0.02     | 0.02    | 0.02    |
| Net Income From Operations                                   | <b>6.5</b>     | 4.3      | 3.2      | 0.6     | (4.0)   |
| Gain On Sale Of Fixed Assets                                 | <b>0.8</b>     | 1.5      | 0.2      | 0.3     | 0.2     |
| Extraordinary Income   | <b>0.7</b>     | 1.6      | 2.2      | 0.3     | 0.09    |
| Total Net Income   | <b>8.0</b>     | 7.4      | 5.6      | 1.2     | (3.8)   |
| Preferred Dividends  | <b>0.3</b>     | 0.3      | 0.3      | 0.3     | 0.4     |
| Net Income From Operations Available for Common Shareholders | <b>6.2</b>     | 4.0      | 2.9      | 0.3     | (4.4)   |
| Total Net Income Available for Common Shareholders           | <b>7.7</b>     | 7.1      | 5.3      | 0.9     | (4.2)   |
| Cash Flow  | <b>7.6</b>     | 6.5      | 6.0      | 1.6     | (3.4)   |

## capitalization (shareholders' equity and long-term debt)

(\$ millions)

| Year | Common Share | % of Total Capitalization | Preferred Share | % of Total Capitalization | Minority Interest | % of Total Capitalization | Long-Term Debt | % of Total Capitalization | Total Capitalization |
|------|--------------|---------------------------|-----------------|---------------------------|-------------------|---------------------------|----------------|---------------------------|----------------------|
| 1974 | \$29.8       | 52.4                      | \$4.4           | 7.7                       | \$0.2             | 0.3                       | \$22.5         | 39.6                      | \$56.9               |
| 1973 | 24.9         | 47.5                      | 4.5             | 8.6                       | 0.3               | 0.6                       | 22.7           | 43.3                      | 52.4                 |
| 1972 | 19.3         | 39.1                      | 5.2             | 10.5                      | 0.3               | 0.6                       | 24.6           | 49.8                      | 49.4                 |
| 1971 | 14.1         | 37.6                      | 5.9             | 15.7                      | 0.3               | 0.8                       | 17.2           | 45.9                      | 37.5                 |
| 1970 | 12.6         | 33.2                      | 6.9             | 18.2                      | 0.3               | 0.8                       | 18.1           | 47.8                      | 37.9                 |

## financial strength ratios

|                                | 1974   | 1973   | 1972   | 1971   | 1970   |
|--------------------------------|--------|--------|--------|--------|--------|
| Current Ratio                  | 1.44:1 | 1.82:1 | 2.10:1 | 1.67:1 | 1.59:1 |
| Quick Ratio                    | .57:1  | .77:1  | .85:1  | .68:1  | .67:1  |
| Cash Ratio                     | .04:1  | .08:1  | .08:1  | .09:1  | .09:1  |
| Debt/Receivables               | .54:1  | .76:1  | 1.04:1 | .83:1  | .82:1  |
| Debt/Gross Fixed Assets        | .72:1  | .87:1  | 1.01:1 | .71:1  | .68:1  |
| Debt/Net Fixed Assets          | 1.13:1 | 1.46:1 | 1.71:1 | 1.31:1 | 1.29:1 |
| Debt/Common Equity             | .75:1  | .91:1  | 1.27:1 | 1.22:1 | 1.44:1 |
| Debt/Invested Capital          | .23:1  | .32:1  | .41:1  | .34:1  | .32:1  |
| Debt/Shareholders Equity       | .66:1  | .77:1  | 1.00:1 | .86:1  | .93:1  |
| Common Equity/Invested Capital | .31:1  | .36:1  | .32:1  | .28:1  | .23:1  |

NOTE: In the above ratios "Debt" refers to long-term debt.

## earning power (margins)

percentage

|                                       | 1974 | 1973 | 1972 | 1971 | 1970  |
|---------------------------------------|------|------|------|------|-------|
| Operating Income/Sales                | 9.7  | 8.0  | 6.9  | 4.8  | .8    |
| Pre-Tax Income from Operations*/Sales | 6.4  | 5.3  | 4.3  | 1.5  | (2.6) |
| Net Income from Operations*/Sales     | 3.0  | 2.6  | 2.3  | 0.5  | (3.1) |
| Total Net Income/Sales                | 3.6  | 4.5  | 4.0  | 1.0  | (2.9) |
| Cash Flow/Sales                       | 3.5  | 3.9  | 4.2  | 1.3  | (2.6) |

\* Before Gain on the sale of fixed assets and extraordinary items.

## profitability

| Percentage  | 1974         | 1973 | 1972 | 1971 | 1970   |
|---|--------------|------|------|------|--------|
| Operating Income/Total Assets                             | <b>18.3</b>  | 14.9 | 12.8 | 8.0  | 1.2    |
| Operating Income/Gross Fixed Assets                       | <b>74.5</b>  | 52.7 | 40.6 | 23.5 | 3.9    |
| Operating Income/Net Fixed Assets                         | <b>121.1</b> | 88.9 | 71.7 | 44.0 | 7.6    |
| Operating Income/Invested Capital                         | <b>25.9</b>  | 20.6 | 18.0 | 11.3 | 1.7    |
| Pre-Tax Return on Invested Capital                        | <b>24.4</b>  | 19.3 | 16.4 | 9.4  | 0.1    |
| Net Income for Common<br>(From Operations*)/Common Equity | <b>22.7</b>  | 18.1 | 17.3 | 2.3  | (29.5) |
| Total Net Income for<br>Common/Common Equity              | <b>28.2</b>  | 32.1 | 31.7 | 6.8  | (28.2) |
| Cash Flow/Common Equity                                   | <b>27.8</b>  | 29.4 | 35.9 | 12.0 | (22.8) |

\* Before Gain on the sale of fixed assets and extraordinary items.

## operating efficiency (x)

|                                 | 1974         | 1973  | 1972  | 1971 | 1970 |
|---------------------------------|--------------|-------|-------|------|------|
| Sales/Total Assets .....        | <b>1.88</b>  | 1.86  | 1.85  | 1.65 | 1.55 |
| Sales/Gross Fixed Assets .....  | <b>7.66</b>  | 6.56  | 5.88  | 4.86 | 4.91 |
| Sales/Net Fixed Assets .....    | <b>12.44</b> | 11.05 | 10.32 | 9.09 | 9.51 |
| Sales/Current Liabilities ..... | <b>3.57</b>  | 4.43  | 4.31  | 3.35 | 3.15 |
| Sales/Common Equity .....       | <b>8.07</b>  | 7.48  | 8.52  | 9.30 | 8.67 |
| Sales/Invested Capital .....    | <b>2.66</b>  | 2.56  | 2.59  | 2.34 | 2.13 |
| Sales/Working Capital .....     | <b>6.13</b>  | 4.72  | 4.96  | 5.32 | 4.97 |
| Sales/Receivables .....         | <b>6.14</b>  | 6.17  | 6.42  | 5.80 | 5.54 |
| Sales/Inventory .....           | <b>3.78</b>  | 3.89  | 3.88  | 3.51 | 3.18 |

Note: The denominator used in the above calculations is the arithmetic mean, or simple average of the values at the start and at the end of each fiscal year.

## share structure

|   | 1974             | 1973      | 1972      | 1971      | 1970      |
|---|------------------|-----------|-----------|-----------|-----------|
| Common Shares Outstanding   | <b>2,478,719</b> | 2,478,439 | 2,469,269 | 2,469,269 | 2,469,269 |
| Common Shares Reserved for Conversion of 7½% Convertible Debentures | <b>586,040</b>   | 618,940   | 663,040   | 693,000   | 698,950   |
| Common Shares Reserved for Outstanding Share Purchase Warrants      | <b>45,000</b>    | 45,000    | 45,000    | 45,000    | 45,000    |
| Common Share Dilution from Conversion of 6% Convertible Preferred   | <b>272,115</b>   | 283,740   | 283,740   | 322,773   | 372,973   |
| Common Shares Outstanding on a Fully Diluted Basis                  | <b>3,381,874</b> | 3,426,119 | 3,461,049 | 3,530,042 | 3,586,192 |

## common shares reserved for issue

|   | Conversion Price | Number of Shares into which each is convertible                 | Expiry Date   | Number of Common Shares Reserved |
|---|------------------|---|---------------|----------------------------------|
| Upon conversion of 7½% Unsecured Convertible Debentures Series A, maturing June 15, 1988, having a sinking fund requirement of \$500,000 per annum. | \$14.28          | 70 per \$1,000 debenture  | June 14, 1978 | <b>586,040</b>                   |
| On exercise of 45,000 share purchase warrants issued with 7¾% First Mortgage Bonds Series A.  | \$14.29          | One common share for each warrant                               | Sept. 1, 1978 | 45,000                           |
| Upon Conversion of Series A — 6% cumulative, convertible and redeemable preference shares, par value \$16.00.                                       | \$17.00          | One common for each preference plus premium of \$1.00 per share | *             |                                  |

\*The conditions attached to the series A — 6% convertible preference shares are such that when a share is converted into a common share, the authorized and issued second preference share capital is reduced and the authorized and issued common share capital is increased. Under the foregoing conditions it is not necessary to show common shares reserved for issue because any conversion of second preference shares does not give rise to impairment of the presently authorized common share capital.

## share values in \$ per common share

|  | 1974          | 1973    | 1972    | 1971   | 1970      |
|--|---------------|---------|---------|--------|-----------|
| <b>Earnings per share</b>                |               |         |         |        |           |
| — From Operations                        | <b>\$2.53</b> | \$ 1.64 | \$ 1.19 | \$ .11 | \$ (1.80) |
| — Gain on Sale of Fixed Assets           | .34           | .59     | .09     | .11    | .08       |
| — Extraordinary items                    | .26           | .64     | .88     | .13    | .03       |
| Total Earnings per Share                 | <b>3.13</b>   | 2.87    | 2.16    | .35    | (1.69)    |
| <b>Earnings per Share Fully Diluted</b>  |               |         |         |        |           |
| — From Operations                        | <b>2.03</b>   | 1.36    | 1.03    | —      | —         |
| — Gain on Sale of Fixed Assets           | .25           | .43     | .07     | —      | —         |
| — Extraordinary items                    | .19           | .46     | .63     | —      | —         |
| Total Earnings per Share                 | <b>2.47</b>   | 2.25    | 1.73    | —      | —         |
| Cash Flow per Share                      | <b>3.07</b>   | 2.62    | 2.40    | .67    | (1.39)    |
| Equity per Share                         | <b>12.03</b>  | 10.05   | 7.81    | 5.60   | 5.12      |
| Dividend Rate per Share                  | .36           | .24     | nil     | nil    | .24       |
| Net Sales per Share                      | <b>88.90</b>  | 66.76   | 57.66   | 50.14  | 52.38     |
| Operating Income per Share               | <b>8.65</b>   | 5.36    | 3.99    | 2.43   | 0.42      |
| Pre-Tax Income from Operations per Share | <b>5.65</b>   | 3.51    | 2.52    | .73    | (1.38)    |
| Total Assets per Share                   | <b>55.33</b>  | 38.95   | 32.76   | 29.53  | 31.18     |
| Working Capital per Share                | <b>14.45</b>  | 14.53   | 13.82   | 9.47   | 9.37      |
| Invested Capital per Share               | <b>38.94</b>  | 27.87   | 24.21   | 20.29  | 22.56     |

NOTE: Where fully diluted earnings per share figures are not presented it is because contingent share issuances did not have any adverse effect on earnings per share.

**calculation of earnings per common and common equivalent shares on a fully diluted basis**

year ended November 30, 1974

|  |                     |
|--|---------------------|
| Income before extraordinary items  | \$ 7,385,078        |
| Less: Gain on sale of fixed assets   | \$ 841,851          |
| Dividend on first preference shares  | \$ 268,784          |
| Total net income from operations<br>available for common   | <u>\$ 1,110,635</u> |
|  | \$ 6,274,443        |
| Add: Interest income after tax from<br>exercise of share purchase warrants                       |                     |
| 45,000 warrants x \$14.29 (exercise price)   | \$ 643,050          |
| Interest at 7%   | \$ 45,013           |
| Tax (52½%)   | <u>\$ 23,632</u>    |
| Income   | \$ 21,381           |
| After tax savings of Interest paid on<br>7½% convertible debentures                              |                     |
| Interest paid in 1974  | \$ 645,943          |
| Tax Deduction (52½%)   | <u>\$ 339,120</u>   |
| Savings  | \$ 306,823          |
| Dividend savings from conversion<br>of second preference shares                                  | <u>\$ 268,784</u>   |
| Total income before gain on sale of fixed assets<br>and extraordinary items divided by 3,381,874 | <u>\$ 6,871,431</u> |
| Common Shares (fully diluted)  | \$ 2.03             |
| Gain on sale of fixed assets   | \$ 841,851 .25      |
| Extraordinary Items  | \$ 629,910 .19      |
| Total (fully diluted) per share earnings   | \$ 2.47             |

**calculation of equity per common share**

year ended November 30, 1974

|  |                     |
|--|---------------------|
| Total Shareholders' Equity                                 | \$34,184,917        |
| Less: Value of 272,115 6%<br>convertible preference shares | \$4,353,840         |
|  | <u>\$29,831,077</u> |
| Divided by 2,478,719 common shares outstanding             | \$12.03             |

## common share statistics

|   | 1974           | 1973    | 1972    | 1971    | 1970    |
|---|----------------|---------|---------|---------|---------|
| <b>price range for common \$*</b>                     |                |         |         |         |         |
| High  | 13.50          | 17.75   | 13.50   | 8.25    | 11.25   |
| Low   | 10.00          | 10.00   | 8.00    | 5.00    | 4.00    |
| <b>price / earnings ratio per common share</b>        |                |         |         |         |         |
| Price/Earnings<br>from operations (X)                 |                |         |         |         |         |
| High  | <b>5.3</b>     | 10.8    | 11.3    | 75.0    | —       |
| Low   | <b>3.9</b>     | 6.0     | 6.7     | 45.4    | —       |
| Price/Total Earnings (X)                              |                |         |         |         |         |
| High  | <b>4.3</b>     | 6.1     | 6.2     | 23.5    | —       |
| Low   | <b>3.2</b>     | 3.4     | 3.7     | 14.2    | —       |
| <b>price/cash flow per common share (x)</b>           |                |         |         |         |         |
| High  | <b>4.4</b>     | 6.7     | 5.6     | 12.3    | —       |
| Low   | <b>3.2</b>     | 3.8     | 3.3     | 7.4     | —       |
| <b>price/equity per common share (x)</b>              |                |         |         |         |         |
| High  | <b>1.1</b>     | 1.7     | 1.7     | 1.4     | 2.2     |
| Low   | <b>.8</b>      | 0.9     | 1.0     | .9      | .8      |
| <b>yield at high (%)</b>                              | <b>2.6</b>     | 1.3     | —       | —       | 2.1     |
| <b>yield at low (%)</b>                               | <b>3.6</b>     | 2.4     | —       | —       | 6.0     |
| Annual Share Trading Volume                           | <b>283,700</b> | 859,700 | 615,900 | 478,800 | 236,500 |
| Annual Share Trading<br>Volume/Shares Outstanding (%) | <b>11.4</b>    | 35.0    | 25.0    | 19.4    | 9.5     |

\* Calendar Year.

## common shareholder statistics

November 30, 1974

| Classification          | Number of Shareholders | %          | Number of Shares Held | %          |
|-------------------------|------------------------|------------|-----------------------|------------|
| Men                     | 772                    | 55.8       | 816,052               | 32.9       |
| Women                   | 324                    | 23.4       | 100,440               | 4.1        |
| Joint Accounts          | 18                     | 1.3        | 20,163                | 0.8        |
| Brokers and Nominees    | 78                     | 5.7        | 274,524               | 11.1       |
| Financial Institutions  | 28                     | 2.0        | 257,436               | 10.4       |
| Estate/Trust/Agencies   | 90                     | 6.5        | 308,724               | 12.5       |
| Corporate Accounts      | 67                     | 4.9        | 658,012               | 26.5       |
| Non-Profit Institutions | 6                      | 0.4        | 43,368                | 1.7        |
| <b>TOTAL</b>            | <b>1,383</b>           | <b>100</b> | <b>2,478,719</b>      | <b>100</b> |

## distribution of common shares

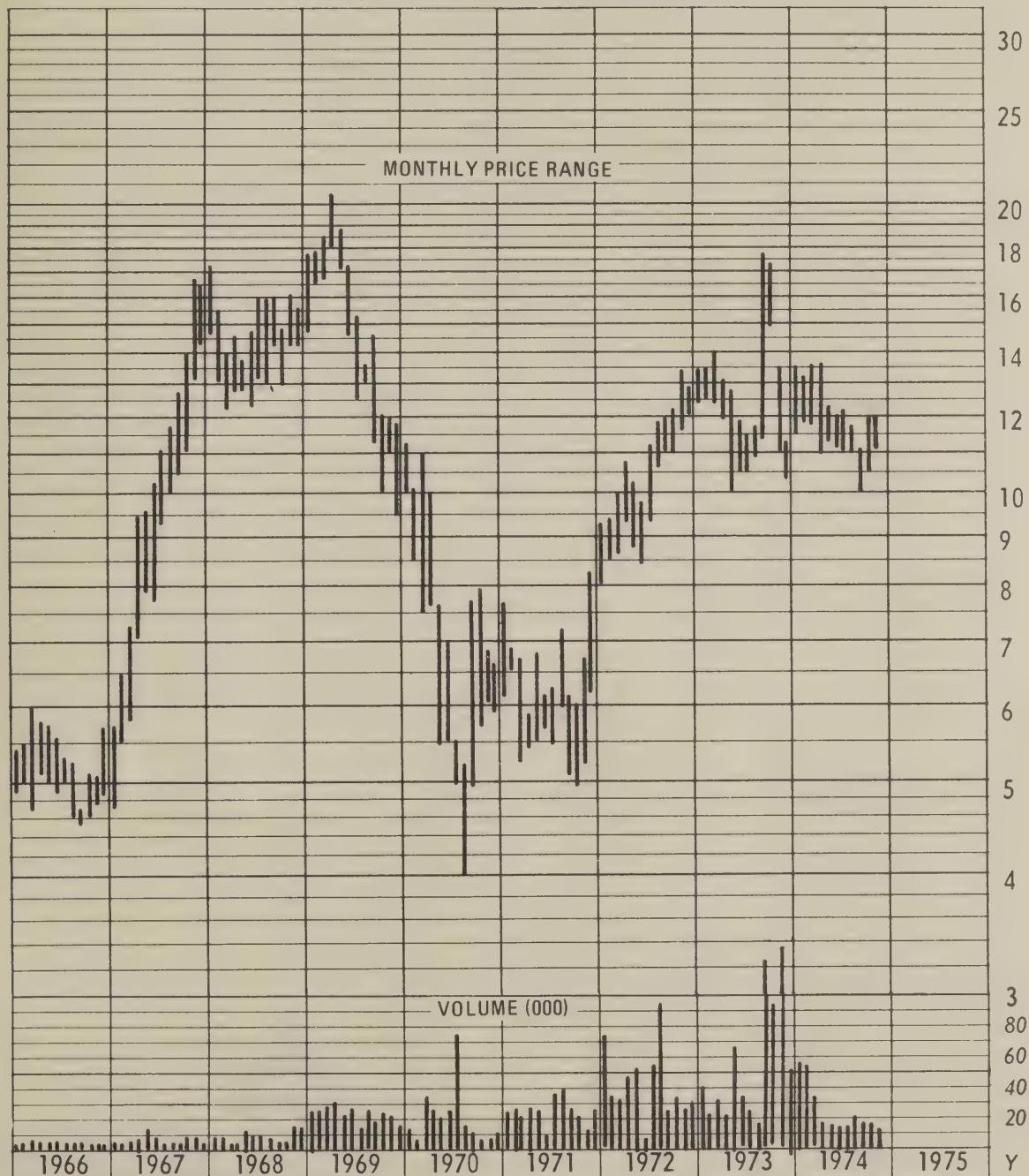
|                  |              |            |                  |            |
|------------------|--------------|------------|------------------|------------|
| British Columbia | 121          | 8.7        | 67,000           | 2.7        |
| Alberta          | 73           | 5.3        | 14,225           | 0.6        |
| Saskatchewan     | 42           | 3.0        | 8,883            | 0.4        |
| Manitoba         | 164          | 11.9       | 333,190          | 13.4       |
| Ontario          | 710          | 51.3       | 1,919,237        | 77.4       |
| Quebec           | 132          | 9.5        | 46,670           | 1.9        |
| Maritimes        | 73           | 5.3        | 25,500           | 1.0        |
| U.S.A.           | 55           | 4.0        | 49,841           | 2.0        |
| Other            | 13           | 1.0        | 14,173           | 0.6        |
| <b>TOTAL</b>     | <b>1,383</b> | <b>100</b> | <b>2,478,719</b> | <b>100</b> |

# common stock trading record

## LISTINGS

Toronto, Vancouver and Winnipeg Stock Exchanges

### ACKLANDS LIMITED





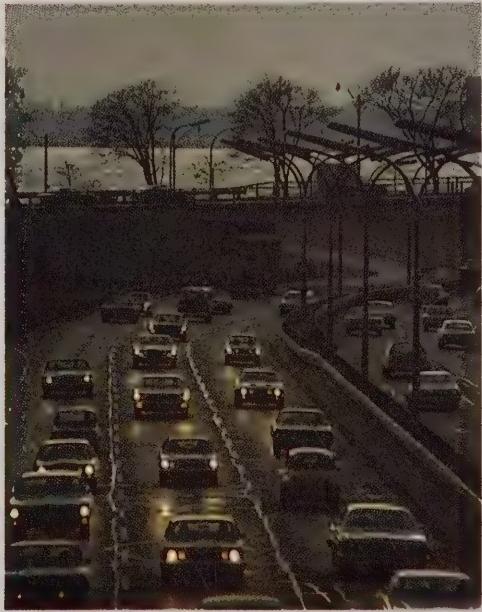
**ACKLANDS LIMITED**

Executive Office 100 Norfinch Drive,  
Downsview, Ontario M3N 1X2





ACKLANDS LIMITED



# AR05

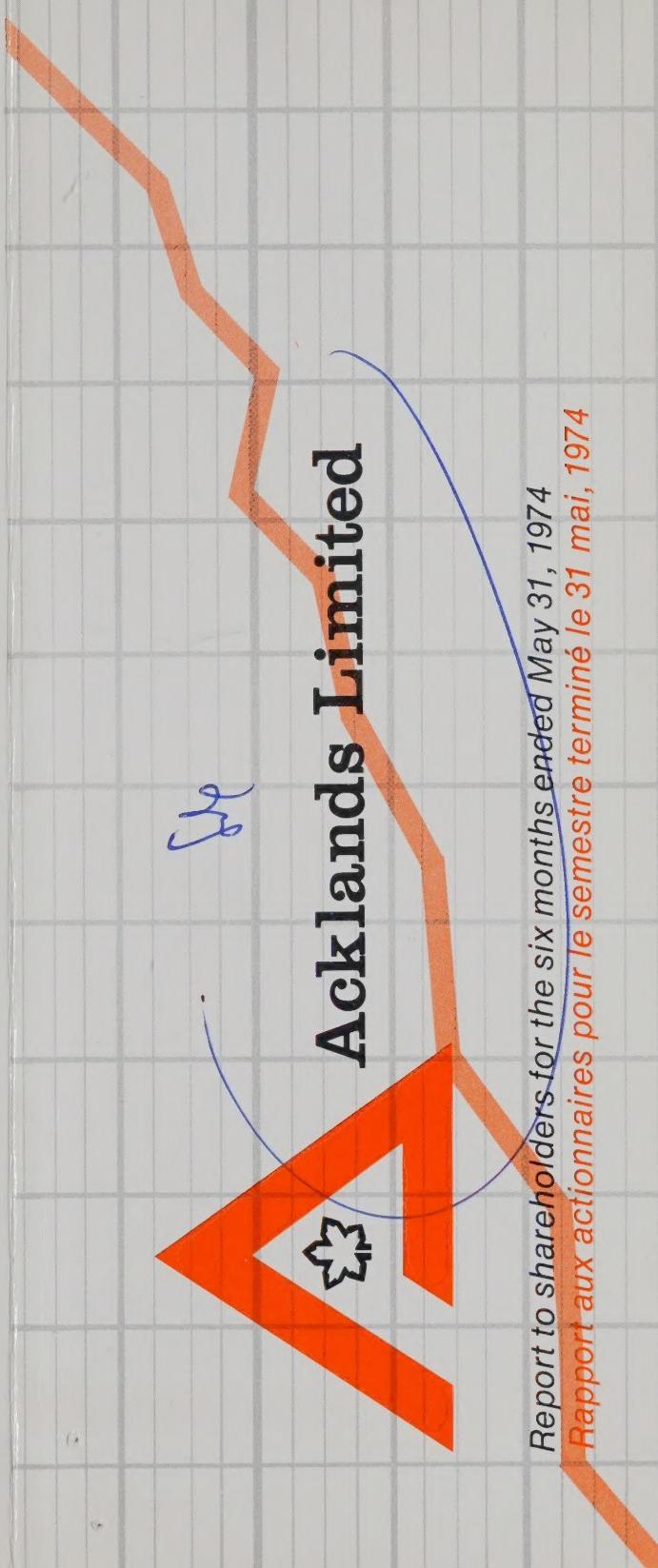
## STATEMENT OF FUND SOURCES AND APPLICATION OF FUNDS

for 1973 (unaudited)

## STATEMENT OF FUND SOURCES AND APPLICATION OF FUNDS

for 1973 (non vérifié)

| 1973              |  |
|-------------------|--|
|                   | <b>PROVENANCE DES FONDS</b>  |
| 2,341,131         | Revenu   |
| 384,234           | Postes ne touchant pas les fonds courants  |
| (746)             | Amortissement  |
|                   | Gain sur la vente d'immobilisations  |
| (32,706)          | Accroissement de l'avoir dans une société à plus de 50 pour cent de participation            |
| 2,691,913         | Fonds provenant des opérations   |
| 34,597            | Vente d'immobilisations  |
| 106,646           | Réduction des hypothèques à recevoir et des autres investissements                           |
| 83,301            | Augmentation de la dette à long terme  |
|                   | Escompte des actions privilégiées  |
| <u>2,916,457</u>  |  |
|                   | <b>UTILISATION DES FONDS</b>   |
| 1,938,140         | Agrandissements des immobilisations  |
| 678,988           | Réduction de la dette à long terme   |
| 344,067           | Paiements de dividendes  |
| 693,925           | Achat et remboursement des actions privilégiées  |
| 40,898            | Primes sur le remboursement des actions privilégiées   |
| 26,316            | Achat de participations minoritaires dans les filiales                                       |
|                   | Accroissements des hypothèques à recevoir et autres éléments d'actif                         |
|                   | Excédent du coût des actions de filiales sur la valeur aux livres au moment de l'acquisition |
| <u>3,722,334</u>  |  |
|                   | Augmentation (diminution) du fonds de roulement  |
| (805,877)         | Fonds de roulement au début de l'exercice  |
| 34,136,083        | Fonds de roulement à la fin de la période  |
| <u>33,330,206</u> |  |



# ACKLANDS LIMITED

## To the shareholders:

For the six months ended May 31, 1974, sales of your company rose to \$96,259,030 from \$72,303,564 a year earlier, an increase of more than 33%. Sales for the second quarter were \$55,821,259 versus \$41,301,939 in 1973.

Income before taxes and before gains on the sale of fixed assets was \$4,395,935 against \$2,670,425 last year, up 64%. The gain on the sale of fixed assets amounted to \$582,445 and resulted from the sale of a subsidiary, Steel Distributors Limited, Toronto.

Net income from operations, after deducting preferred dividends, amounted to \$2,106,911 or 85¢ per common share, compared to \$1,209,941, or 49¢ in 1973, an increase of 74%. Income for the second quarter before extraordinary items, was \$1,324,082, versus \$892,814 a year earlier. The after-tax gain on the sale of fixed assets added 19¢ to per share profits, bringing the total earnings for the first half of the current fiscal year to \$1.04.

These favourable results were achieved despite an increase of close to \$1 million in interest payments, due to higher interest rates on bank advances and long term debt.

When comparing 1973 and 1974 sales figures for the period it should be noted that the latter includes \$4.3 million (or less than 6% of the sales increase), being the net difference in volume arising from the disposition of Steel Distributors and the acquisition of new subsidiaries.

All companies acquired in 1974 are now fully integrated and showing improved profitability.

In keeping with the company's expansion plans in Ontario, the assets and business undertakings of Cambridge Automotive Limited and the assets of the Welland location of Carter's Limited, both wholesale automotive jobbers, were purchased earlier in the year.

A new distribution centre, covering an area of 121,000 sq. ft. was acquired in Edmonton. This facility when in operation later this year, will serve the expanding natural resource development market in northern Alberta.

Overall, budgeted sales quotas are being met and profit is higher than forecast, with continuing tight control on expenses.

Your directors feel that the outlook for the balance of the year is excellent. Despite the fact that we are experiencing "double digit" interest rates and spiraling inflation, consumer confidence in Canada remains at a high level.

In view of continuing improvement in Acklands' overall profitability, your directors have increased the quarterly dividend from 8¢ to 10¢ per common share, effective with the payment due August 31, 1974.

A chart and table illustrating Acklands' progress over the last 14 quarters have been included in this report to provide shareholders with a clear perspective of Acklands' continuing growth.

On behalf of the board,

Hyman Bessin,  
President

Winnipeg, Manitoba,  
July 22, 1974

## CONSOLIDATED STATEMENT OF INC

For the six months ended May 31, 1974 with comparative

## ÉTAT CONSOLIDÉ DE REVENU

pour le semestre terminé le 31 mai 1974 avec chiffres cor

|  | 1974                |
|--|---------------------|
| Sales  | \$96,259,030        |
| Cost of sales, selling and administrative expenses before the following  | 88,683,154          |
|  | <u>7,575,876</u>    |
| Deduct:  |                     |
| Depreciation   | 341,665             |
| Interest on long-term debt   | 1,182,511           |
| Other interest   | 1,207,456           |
| Remuneration of directors and other senior officers                      | 448,310             |
| Gain on sale of fixed assets and goodwill                                | (582,445)           |
|  | <u>2,597,496</u>    |
| Income before income taxes, minority interest and extraordinary item     | 4,978,380           |
| Income taxes   | 2,250,000           |
| Income before minority interest and extraordinary item                   | 2,728,380           |
| Interest of minority shareholders  | 5,679               |
| Income before extraordinary item   | 2,722,701           |
| Income tax reductions realized on the application of prior years' losses | 15,000              |
| NET INCOME for the period  | <u>\$ 2,737,701</u> |
| EARNINGS PER SHARE   |                     |
| Income before gain on sale of fixed assets and extraordinary item        | \$0.85              |
| Gain on sale of fixed assets and goodwill                                | 0.19                |
|  | <u>\$1.04</u>       |
| Extraordinary item (income tax reduction)                                |                     |
| Net income for the period  | \$1.04              |
| Common shares outstanding  | <u>2,478,719</u>    |

# ACKLANDS LIMITED

## Aux Actionnaires,

Au cours du semestre terminé le 31 mai 1974, les ventes de votre société se sont élevées à \$96,259,030 au regard de \$72,303,564 lors de la même période l'année précédente, soit une augmentation de plus de 33%. Les ventes du deuxième trimestre ont été de \$55,821,259 par rapport à \$41,301,939 en 1973.

Le revenu avant impôts et avant les gains réalisés sur la vente d'immobilisations s'est élevé à \$4,395,935 au regard de \$2,670,425 l'an dernier, une hausse de 64%. Les gains sur la vente d'immobilisations se chiffrent par \$582,445 et découlent de la vente d'une filiale, Steel Distributors Limited, de Toronto.

Le revenu net des opérations, après déduction des dividendes privilégiés, s'établit à \$2,106,911 ou 85¢ par action ordinaire, en comparaison de \$1,209,941 ou 49¢ par action en 1973, un gain de 74%. Le revenu du deuxième trimestre, avant les postes extraordinaires, a été de \$1,324,082, par rapport à \$892,814 l'année précédente. Les gains après impôts, découlant de la vente d'immobilisations, ont ajouté un montant de 19¢ aux profits, portant les bénéfices globaux du premier semestre du présent exercice à \$1.04.

On a réalisé ces résultats favorables en dépit d'une augmentation de près de \$1 million en paiements d'intérêts, à la suite des taux d'intérêts plus élevés sur les prêts bancaires et la dette à long terme.

En comparant les chiffres des ventes des périodes correspondantes en 1973 et 1974, on doit tenir compte du fait que ceux du présent exercice comprennent un montant de \$4.3 millions (ou moins de 6% de l'augmentation des ventes), représentant la différence nette du volume découlant de la vente de Steel Distributors et de l'acquisition de nouvelles filiales.

Toutes les sociétés dont on a fait l'acquisition en 1974 sont présentement entièrement intégrées et dans tous les cas l'on note une amélioration des profits.

Dans le cadre des projets d'expansion de la société en Ontario, on a fait l'achat plus tôt cette année de l'actif et des entreprises de Cambridge Automotive Limited et de l'actif de l'établissement de Welland de Carter's Limited, deux revendeurs en gros de pièces d'automobiles.

On a également fait l'acquisition d'un nouveau centre de distribution, d'une superficie de 121,000 pieds carrés, à Edmonton. Une fois en exploitation plus tard cette année, la nouvelle installation desservira le marché de mise en valeur des richesses naturelles en plein essor du nord de l'Alberta.

Dans l'ensemble, on a réalisé les quotas de ventes fixés et les profits sont plus élevés qu'on l'avait prévu grâce au stricte contrôle soutenu des dépenses.

Vos administrateurs sont d'avis que la perspective pour le reste de l'exercice est excellente. En dépit du fait que nous vivons à une époque de taux d'intérêts "à deux chiffres" et d'inflation galopante, la confiance du consommateur dans le Canada demeure à un niveau élevé.

En raison de l'amélioration soutenue de la rentabilité d'ensemble d'Acklands, vos administrateurs ont porté le dividende trimestriel de 8 cents à 10 cents par action ordinaire à compter du versement payable le 31 août 1974.

On a joint au présent rapport un graphique et un tableau qui exposent les progrès d'Acklands au cours des 14 derniers trimestres afin de présenter aux actionnaires une nette perspective de l'essor soutenu d'Acklands.

Au nom du conseil d'administration  
Le président



Winnipeg, Manitoba  
Le 22 juillet 1974

## CONSOLIDATED STATEMENT OF SOURCE

For the six months ended May 31, 1974 with comparative figures

## ÉTAT CONSOLIDÉ DE LA PROVENANCE

pour le semestre terminé le 31 mai 1974 avec chiffres comparatifs

1974

### SOURCE OF FUNDS

|                                   |              |
|-----------------------------------|--------------|
| Income                            | \$ 2,737,701 |
| Items not involving current funds |              |
| Depreciation                      | 341,665      |
| Gain on sale of fixed assets      | (582,445)    |
| Increase in equity                |              |
| in 50% owned                      |              |
| company                           | (5,567)      |
| Funds derived from operations     | 2,491,354    |
| Sale of fixed assets              | 472,592      |
| Reduction of mortgages receivable |              |
| and other investments             | 169,097      |
| Increase in long-term debt        | 1,857,500    |
| Discount on preference shares     | 3,747        |
|                                   | 4,994,290    |

### APPLICATION OF FUNDS

|                                  |           |
|----------------------------------|-----------|
| Additions to fixed assets        | 1,606,078 |
| Reduction of long-term debt      | 1,106,249 |
| Dividends paid                   | 532,746   |
| Purchase and redemption of       |           |
| preference shares                | 16,800    |
| Premium on redemption of         |           |
| preference shares                |           |
| Purchase of minority interest in |           |
| subsidiary companies             |           |
| Increase in mortgages receivable |           |
| and other assets                 | 229,921   |
| Excess of cost of shares of      |           |
| subsidiary companies over book   |           |
| value at acquisition             | 2,029,933 |
|                                  | 5,521,727 |

Increase (decrease) in  
working capital

Working capital at beginning of year

Working capital at end of period

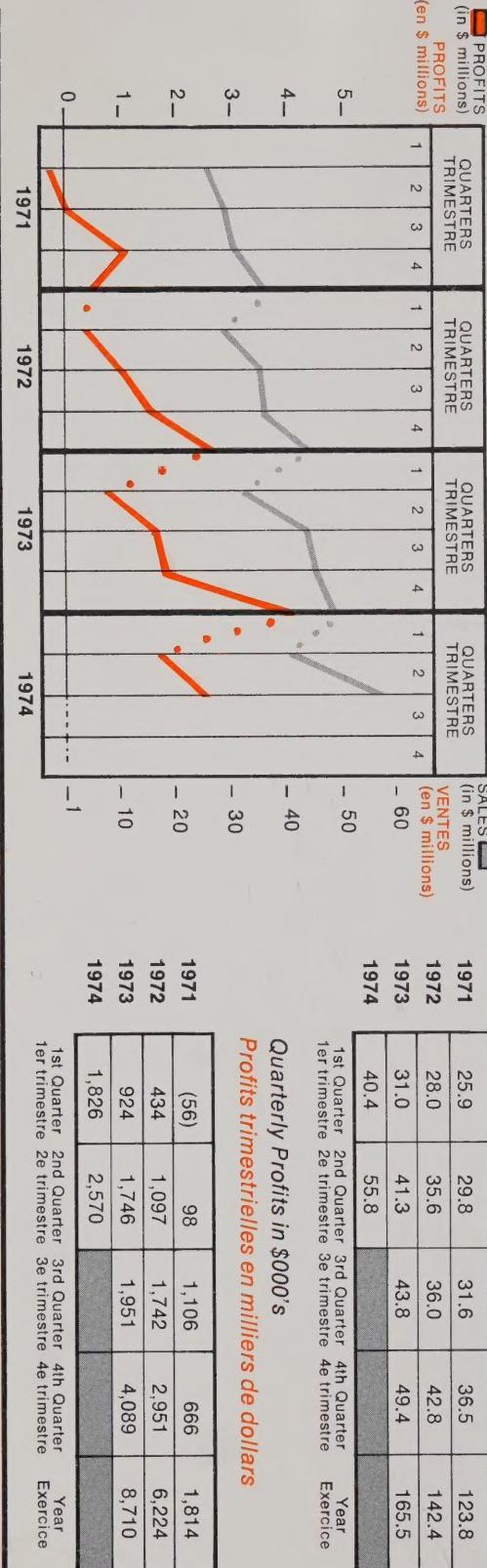
(527,437)

36,014,747

\$35,487,310

### Quarterly Sales and Profit - fiscal 1971 to May 31st, 1974

Ventes trimestrielles et profit de 1971 au 31 mai 1974



Profit figures are before taxes, capital gains on the sales of fixed assets and other extraordinary items. Results for the year 1971 have been restated to reflect income tax reassessments.

Les montants des profits sont avant les impôts, les gains de capital sur la vente d'immobilisations et les autres postes extraordinaires. On a fait un redressement des résultats de 1971 en tenant compte des nouveaux taux de l'impôt sur le revenu.